

October 6 1993

sponse
leory

10.00 11.00 12.00 13.00 14.00 15.00 16.00 17.00 18.00 19.00 20.00 21.00 22.00 23.00 24.00

10.00 11.00 12.00 13.00 14.00 15.00 16.00 17.00 18.00 19.00 20.00 21.00 22.00 23.00 24.00

10.00 11.00 12.00 13.00 14.00 15.00 16.00 17.00 18.00 19.00 20.00 21.00 22.00 23.00 24.00

10.00 11.00 12.00 13.00 14.00 15.00 16.00 17.00 18.00 19.00 20.00 21.00 22.00 23.00 24.00

10.00 11.00 12.00 13.00 14.00 15.00 16.00 17.00 18.00 19.00 20.00 21.00 22.00 23.00 24.00

10.00 11.00 12.00 13.00 14.00 15.00 16.00 17.00 18.00 19.00 20.00 21.00 22.00 23.00 24.00

10.00 11.00 12.00 13.00 14.00 15.00 16.00 17.00 18.00 19.00 20.00 21.00 22.00 23.00 24.00



Japan's economy
The cure will be
harder this time
Page 15



A punt on the Punto
Fiat's six-speed gearbox
for the mass market
Technology, Page 12



Fighting card fraud
The copy-proof
magnetic strip
Technology, Page 12



Who's that knocking?
Direct sales in
eastern Europe
Marketing, Page 11

FINANCIAL TIMES

Europe's Business Newspaper

THURSDAY OCTOBER 7 1993

D8523A

Allianz disclosure reveals market value of DM8.9bn

Allianz, Europe's largest insurance company, disclosed the biggest of its extensive holdings in German and foreign companies, showing a combined market value of DM8.9bn (\$5.5bn) at the end of June.

The Munich-based group followed Daimler-Benz's decision to publish its accounts according to US Generally Accepted Accounting Principles as part of its listing on the New York Stock Exchange. Page 17; World stocks, Section II

Sharif claims poll wins Former prime minister Nawaz Sharif claimed general election victory for his Pakistan Muslim League party on the basis of his party's early unofficial count.

Europe 'on track' for Emu Europe is on track for economic and monetary union, in spite of the August upheaval in the exchange rate mechanism of the European Monetary System, Germany's top finance official Gert Hailer said. Page 16

BNP shares sale closed The sale of shares in Banque Nationale de Paris to institutional investors has been more than 12 times oversubscribed, causing the French Government to close the offer after only two days. Page 17; Slower French recovery forecast. Page 16

Somalia vote postponed The US Senate agreed to postpone by at least a week a vote that could have led to a cut-off in funds for the military operation in Somalia. Page 4

Date for Mideast talks Israel and the Palestine Liberation Organisation will open talks on implementing their peace agreement in Egypt on October 13, Israeli prime minister Yitzhak Rabin and PLO chairman Yasser Arafat said. Page 6

Michael Jordan quits at the top

US basketball player Michael Jordan (left) announced his retirement, saying he had reached the pinnacle of his career. Jordan, 30, whose annual earnings and endorsements from companies such as the Nike sports shoe group were put at \$50m, was top scorer seven times in his nine seasons in the National Basketball Association with the Chicago Bulls team. His departure deprives the NBA of its most charismatic attraction.

Irish PM appeals for patience Irish prime minister Albert Reynolds appealed for "restraint and patience" regarding the nationalist peace initiative from Northern Ireland. Page 8; Editorial Comment, Page 15

Hong Kong deadline Britain and China have "weeks rather than months" to agree on Hong Kong's political development, Hong Kong governor Chris Patten said. Page 6; Observer, Page 15

Japanese wage rise at 34 year low Private sector wages in Japan rose an average 1.9 per cent for last year, the lowest growth rate in 34 years. Page 5; Germans ready for cuts in real pay. Page 2; Gonzales labour market threat. Page 2

British Aerospace shares fell for the second day running amid growing fears that a proposed venture to build aircraft in Taiwan would not go ahead. Page 17; London stocks, Page 25

Welfare state clampdown Britain's social security minister Peter Lilley told the Conservative party conference there would be a crackdown on foreigners abusing Britain's welfare state. Tory conference report, Page 9; Spending cuts split Major's cabinet. Page 16; Observer, Page 15

Whitbread, the UK brewing, retailing and leisure group, announced proposals for reforming its 45-year-old share structure to give equal voting rights to all shareholders. Page 17; Lex, Page 16

Brussels probe built The European Commission has opened a state aid inquiry into a FF2.5bn (£280m) capital injection for the French state-owned Bp computer group. Page 2

Ford attacked on sales figures Ford came under heavy attack from the leading UK car dealer association for "forcing registrations" as a "distortion" of the true state of the market. Page 9; Volvo defends merger. Page 18

STOCK MARKET INDICES			
FTSE 100	3100.8	(+15.0)	
Yield	3.78		
FTSE Eurotrack 100	1321.84	(+7.53)	
FTSE All-Share	1533.47	(+0.53%)	
Nikkei	20,800.25	(+178.32)	
New York Stock Exchange			
Dow Jones Ind. Ave.	3,055.70	+18.44	
S&P Composite	462.02	+0.82	
US LUNCHTIME RATES			
Federal Funds	3%		
3-mo Treas. Bill	3.034%		
Long Bond	103%		
Yield	5.007%		
LONDON MONEY			
3-mo interbank	5.15%	(same)	
Libor 6m	5.15%	(same)	
Libor 12m	5.15%	(same)	
NORTH SEA OIL (Average)			
Brent 15-day (Nov)	\$517.24	(17.11)	
Gold			
New York, Comex (Dec)	\$358.2	(35.8)	
London	\$358.75	(35.25)	

Australia	100.00	Germany	100.00	Italy	100.00	Japan	100.00	UK	100.00	US	100.00
Belgium	100.00	Hong Kong	100.00	India	100.00	Malaysia	100.00	Netherlands	100.00	Spain	100.00
Canada	100.00	France	100.00	Finland	100.00	Greece	100.00	Ireland	100.00	South Africa	100.00
Denmark	100.00	Italy	100.00	Japan	100.00	South Korea	100.00	Sweden	100.00	Taiwan	100.00
France	100.00	Japan	100.00	Germany	100.00	Hong Kong	100.00	India	100.00	Malaysia	100.00
Germany	100.00	Hong Kong	100.00	India	100.00	Malaysia	100.00	Netherlands	100.00	Spain	100.00
Hong Kong	100.00	India	100.00	Malaysia	100.00	Netherlands	100.00	Spain	100.00	South Africa	100.00
India	100.00	Malaysia	100.00	Netherlands	100.00	Spain	100.00	South Africa	100.00	Taiwan	100.00
Malaysia	100.00	Netherlands	100.00	Spain	100.00	South Africa	100.00	Taiwan	100.00	Turkey	100.00
Netherlands	100.00	Spain	100.00	South Africa	100.00	Taiwan	100.00	Turkey	100.00	UK	100.00
Spain	100.00	South Africa	100.00	Taiwan	100.00	Turkey	100.00	UK	100.00	US	100.00
South Africa	100.00	Taiwan	100.00	Turkey	100.00	UK	100.00	US	100.00		
Taiwan	100.00	Turkey	100.00	UK	100.00	US	100.00				
Turkey	100.00	UK	100.00	US	100.00						
UK	100.00	US	100.00								
US	100.00										

New hold-up hits Eurofighter

By David White, Defence Correspondent, in London

THE FIRST flight of the Eurofighter 2000, Europe's £32bn (\$48bn) combat aircraft project, has been postponed for several more months at least because of difficulties with the computerised flight-control system.

The first prototype had been expected to fly in Germany this autumn, two years later than originally planned. It is now thought unlikely to make its maiden flight before next March at the earliest.

The Munich-based Eurofighter consortium did not give a new target date but indicated it would not be this year. A Bonn defence official predicted that the aircraft would not be cleared for flying before next spring.

Britain, Germany, Italy and Spain are jointly funding the

Snags with 'fly-by-wire' control system push back maiden flight target to 1994

£10bn development programme for the aircraft.

Eurofighter said the partners had decided to order a further phase of tests for the flight-control system. The first flight should only take place when the partners had "absolute confidence in the airworthiness of the software".

The software is the responsibility of the UK's GEC-Marconi Avionics as a subcontractor to Daimler-Benz's Deutsche Aerospace (Dasa), which is in overall charge of the control system. The so-called fly-by-wire system controls the flaps, rudder and foreplanes - small movable wings at

the front of the aircraft - and the aircraft cannot be flown without it.

Sources close to the project said "tough negotiations" were now under way between the industrial partners.

Eurofighter, comprising Dasa, British Aerospace, Alenia of Italy and Construcciones Aeronauticas of Spain, said it would try to limit the impact the delay might have on deliveries of the aircraft, due to begin in 2000.

"A further short delay is a serious impact on the overall programme", it said. Britain's Ministry of Defence described the

setback as "a minor disappointment". It said it supported the decision to conduct more tests.

"Software safety is of paramount importance and must have priority over any possible delay to the programme," it said.

A joint industry task force has been working in Munich since the spring to resolve the software problems. GEC-Marconi argued earlier in the project that it needed more processing power than was allowed for by Dasa.

The UK company's development contract is believed to be worth about £20m, following a 60 per cent increase due to programme changes.

Requirements for the first flight had already been reduced in an effort to meet a September target date, leaving further work on the system for later.

Programme managers said they needed to ensure the fly-by-wire system worked in all conceivable circumstances. Concern has increased since the first production model of Sweden's JAS 39 Gripen jet - a smaller aircraft of similar design to the Eurofighter - crashed in August. An investigation found that the electronic flight control system was to blame. A prototype of the same aircraft crashed in 1989.

The delay in flight plans is the latest in a series of tribulations for the Eurofighter project, relaunched last year after Germany threatened to withdraw. Other technical problems have involved its electrical generator and an auxiliary gearbox.

VW agrees outline plan for Seat plant

By Peter Bruce in Madrid and Christopher Parkes in Frankfurt

SPANISH political leaders and Volkswagen, the German automotive group, reached broad agreement yesterday on a plan for VW to rid itself of the Barcelona factory of its inasmaking Seat subsidiary, while protecting the Madrid government from the political fallout of heavy job losses in Catalonia.

Further talks will be held soon, to include union leaders, to decide the fate of the outdated Zona Franca works and the 10,500 employed on the site, VW said last night. A solution is expected before the end of the year.

Ideas proposed yesterday are believed to include converting the factory into an industrial park and establishing a state-owned employment company to deal with those who lose their jobs.

The outline deal was agreed during talks in Madrid and Barcelona led by Mr Ferdinand Pisch, VW group chairman, Mr Narcis Serra, deputy prime minister, and Mr Jordi Pujol, leader of the Catalan government.

The centrepiece of the agreement was a significant relaxation of the conditions under which Seat is to be given a DM1.5bn (\$920m) emergency cash injection. Ownership of the Spanish company's Pamplona factory, used exclusively to build VW Polo models, will not now be transferred to the German parent.

Although operations will be "steered" by VW, it will remain under Spanish management. "It is not really a matter of ownership, it is more a question of improving competitiveness," a spokesman said.

In response to rumours that VW was intent on seizing management control of Seat after the resignation last week of Mr Juan Antonio Diaz Alvarez, the chairman, the Spanish government proclaimed that Seat would remain independent, running its own purchasing, sales and design operations.

Mr Diaz Alvarez quit abruptly after the VW group board rejected as "too soft" his plans for rationalising Seat, which included the loss of at least 5,000

President warns of need to be decisive in the use of force to protect his regime

Yeltsin confirms poll date and ends press ban

By John Lloyd and Leyla Boulton in Moscow

RUSSIAN president Boris Yeltsin called on his countrymen last night to put the "nightmare of these black days" behind them, cancelled his order to impose censorship on the press and confirmed that parliamentary and possibly regional council elections would take place in December.

Mr Yeltsin, seemingly close to tears at the end of his first address since the suppression of the armed uprising in Moscow earlier this week, strove to heal the wounds of the violence. "Let us not say that someone has won and someone has lost," he said. "Such words are out of place, blasphemous. We have all been scorched by the death-like breath of fratricide."

He warned, however, that the fledgling democracy had in future to be more decisive in its use of force to prevent further attempts to destabilise his regime - and, apparently criticising his own staff, said that "not everyone had the self-control to withstand the huge tension at the critical moment".

General Vladimir Pankratov, head of the Moscow police, at a press conference earlier in the

day, admitted the police "did not always act brilliantly" during the attacks on Sunday, but excused them by saying that "they were not prepared or trained for military action". Police stood by while parliamentary forces attacked the mayoral offices and the television studios.

Gen Pankratov, echoing Mr Yeltsin's point that democracy needed "better defences", announced a shopping list for his men, including armoured cars, heavier weapons, training in sharpshooting and riot control.

In an article banned by censors in the liberal newspaper Svobodnaya, Mr Sergei Parkhomenko, stationed in the Kremlin last Sunday, alleged that Mr Yeltsin and his aides in the Kremlin had been in a state of panic when demonstrators broke through police lines to the White House.

Mr Yeltsin's call for regional council elections had been trailed by his aides, but his mention stopped short of an order that such elections be held. He has not brought the regional leaders in Moscow since the violent events, and a meeting of the Federation Council set for Tuesday was cancelled without explanation.

The round of resignations continued yesterday with that of Mr



Bill Clinton speaks to Boris Yeltsin from Air Force One in a 20 minute conversation during which the Russian president assured him that elections for a new parliament would still be held in December

Valery Zorkin, head of the Constitutional Court and a long-time target of Mr Yeltsin's camp for what it saw as his bias towards the banned parliament.

Mr Zorkin, in a letter to his 12 colleagues on the Constitutional Court bench, said: "I consider it impossible to carry out my duties in the current situation." His decision was taken after heavy pressure from presidential aides.

Mr Yeltsin appointed Mr Alexei Kazannik as procurator-general in place of Mr Valentin Stepanov, who was fired on Tuesday

after changing sides from parliament to president too late in the day. Mr Kazannik, a professor of jurisprudence and an ethnic Ukrainian, was previously best known for voluntarily surrendering his seat as a Soviet deputy to Mr Yeltsin in 1989 when the latter had failed to be appointed to the Supreme Soviet. Mr Yeltsin

spent part of the day discussing a new military doctrine with members of the Security Council - a doctrine due to be confirmed at its meeting next week. The official Tass news agency gave only vague details of the doctrine, say-

Continued on Page 16
Further reports, Page 5

Continued on Page 16

González predicts Germany as site of new central bank

By Peter Bruce, Tom Burns and David Marsh in Madrid

THE European Community summit at the end of this month in Brussels is likely to decide to place the future European central bank in Germany, Mr Felipe Gonzalez, the Spanish prime minister, said yesterday.

In an interview with the Financial Times, he said the expected decision, dashing British hopes of bringing the central bank to London, would help rebuild political momentum towards the goal of economic and monetary union.

The site for the European Monetary Institute, to be set up next year as the forerunner of the planned EC central bank, would reflect Germany's prime role in the anti-inflation "economic philosophy" behind Emu, Mr Gonzalez said.

"I believe - and everyone else believes the same - that it (the institute) will be in Germany," he admitted the summer EC currency crisis had placed "a tremendous question mark" over whether the EC would accomplish the Maastricht timetable for Emu by 1997 or, at the latest, 1999.

After the emergency move in August to wider EC currency fluctuation bands, he said the EC was unlikely to decide a firm date for returning to the previous narrow bands within the European Monetary System. "We don't want to be trapped by dates,"

But he refused to endorse recent claims by Mr John Major, the UK prime minister, that the Maastricht timetable was now unrealistic.

Mr Gonzalez spoke out against softening the Maastricht "convergence" targets designed to force EC states to curb budget deficits and government debt as conditions for joining Emu.

Although he admitted that EC budget deficits had been swollen by recession to well above the Maastricht target of 3 per cent of gross domestic product, he said, "I doubt that anyone would want to give up on this convergence plan... the planned convergence targets represent a good path."

Mr Gonzalez's remarks on the EMU add up to the clearest prediction so far from a Community leader that the summit on October 29 will opt for the embryonic

central bank to be established in Germany. German chancellor Helmut Kohl, backed by the Bundesbank, has recently stepped up a campaign in favour of Frankfurt.

The British government is maintaining its minority view that the institute should be based in London.

The institute is meant to improve co-ordination of EC monetary policies as a fundamental part of the so-called stage two of Emu plans, taking effect in January 1994.

Frankfurt and London have been the main rival bidders for the institute for the past two years, while the Dutch government has been lobbying for Amsterdam.

France has objected to Frankfurt on the grounds that this would increase the city's edge over Paris as a financial centre but has indicated it would accept another German site such as Bonn or Mainz. Mr Gonzalez said the actual name of the chosen city in Germany was a secondary consideration.

González threat on labour market, Page 2

HACKNEY WICK GREYHOUND STADIUM

£14,000,000

Management Buy In

from

Brent Walker Group plc

Structured, led and arranged by

Henderson Venture Managers Limited

Funds invested or advised by

Henderson Venture Managers

Grosvenor Venture Managers

Gartmore Venture Capital

Murray Ventures

Kleinwort Benson Development Capital

Rothschild Ventures

BP Marsh & Co.

Senior Debt provided by

Bank of Scotland

Mezzanine Debt provided by

Samuel Montagu & Co. Limited

Accountancy Advisers

Messrs Touche Ross

Legal Advisers

Messrs Theodore Goddard

Management advised by

LCF Edmond de Rothschild Securities Limited



HENDERSON
VENTURE MANAGERS LIMITED

Member of IMRO

Funds under management of approximately £100m

3 Finsbury Avenue, London EC2M 2PA

071-410 4415

NEWS: EUROPE

Commission probes state aid to Bull

By Andrew Hill in Brussels and John Riddling in Paris

THE European Commission yesterday announced that it had opened a state aid inquiry into a FF2.5bn (\$440m) capital injection granted to the French state-owned Bull computers group.

The inquiry will focus on the cash which was advanced to Bull by the previous French government in February. But it could be extended to take into account subsidies included in a restructuring package presently being finalised by Bull.

The French Industry Ministry said that the plan, aimed at stemming losses of FF1.5bn at Bull over the past three years, should be completed within the next week. Bull has demanded a capital injection of FF9.2bn as part of the plan.

A spokesman for Mr Karel

Van Miert, the EC's competition commissioner, said yesterday that the Commission's latest inquiry would consider any new restructuring proposal once it was submitted.

"We are looking only at the FF2.5bn at the moment, because that's the only advance which has been made by the French government," said the spokesman. Under the EC's state aid rules, the Commission can clear subsidies which are aimed at restoring the viability of a company, provided they do not distort competition within the EC.

It is the second time in the past two years that Brussels has investigated state subsidies to the troubled French computer group. In July last year, the Commission approved FF4.6bn of government aid to Bull aimed at funding research and returning the

group to profitability. French officials say they are optimistic that the EC will regard favourably its proposals to restructure the computer group. They describe the proposals as a necessary and final step in the group's reorganisation.

The restructuring package, which has been under negotiation since the new centre-right government of Mr Edouard Balladur took office in March, is expected to include 8,500 job cuts, a reorganisation of the company's management and the formation of strategic alliances with other groups.

It may also involve an increased participation in Bull's share capital by NEC, the Japanese computer group, and IBM of the US. The two companies presently hold stakes of 4.4 per cent and 5.7 per cent respectively.



Muslims fleeing their homes in the town of Visoko, central Bosnia, yesterday amid renewed fighting between the three ethnic groups

FIGHTING FLARES ON SEVERAL BOSNIA FRONTS

A RENEWED United Nations peacekeeping mandate for former Yugoslavia began on a bleak note yesterday, with Muslims, Serbs and Croats renewing their struggle for territory in Bosnia, Reuters reports from Sarajevo.

As Serbs and Croats said they would make no more territorial concessions to the

Muslims, all three sides reported flare-ups on several fronts across Bosnia. Sarajevo radio reported that Croat forces had used Muslim prisoners as "human shields" in an attempt to break through government positions in central Bosnia, killing a number of people.

The Muslim-controlled radio

claimed the Croats wired explosives to the Muslims, who had been held at a Croat-run internment camp, and marched them towards the frontline at Isakovici, near Novi Travnik.

Fighting was also reported around Maglad in north-central Bosnia, and in eastern Bosnia in the Zvornik region and

Olovo, Bosnian radio said. The UN said Maglad, a mainly Muslim town, was under its 100th day of siege by Croat and Serb forces, and Mostar's Muslim quarter was under increased Croat shelling. All sides reported some sniping and shelling in Sarajevo, and sniper fire could be heard during the morning.

Mitterrand risks Paris split on N-weapons tests

By David Buchan in Paris

PRESIDENT François Mitterrand said yesterday that France and other atomic powers should "keep their cool" and refrain from following Beijing in breaking the recent unofficial moratorium in nuclear weapons testing.

The president, in an interview with Austrian media, went beyond a bland statement issued jointly with Prime Minister Edouard Balladur which merely said France would consult with the US, Britain and Russia about possible reaction to the Chinese move.

The Socialist president has thus risked a split with the conservative government which is under strong pressure from its parliamentary majority and the defence establishment to reverse the unilateral moratorium which the preceding Socialist government imposed on French testing in the South Pacific in April 1992.

Mr Jacques Baumel, Gaullist vice-president of the National

Assembly defence committee, said yesterday the Chinese move was "a new and good reason" for France to resume necessary modernisation of its nuclear arsenal.

This week Mr Balladur, who has committed his government to keeping France's nuclear deterrent up to date, received a report which he had commissioned earlier from France's military-industrial leaders on the issue of nuclear testing.

Though confidential, the report is said to favour France resuming at least a few tests until it has improved its ability to simulate nuclear tests results by computer.

The issue of nuclear testing falls in the area of foreign and defence policy where decisions have to be shared by French presidents and prime minister even when they are of different political parties.

Mr Mitterrand conceded that the reaction of other nuclear powers would be important when he said that if "countries other than China" resumed testing, France would have to follow suit.

France to reform state-run pensions

By Alice Rawsthorn in Paris

THE French government has started to prepare proposals for its long-awaited reform of the pension system with a view to presenting a legislative package to parliament next spring.

Mr Edmond Alphandery, economy minister, has formed a working party to produce provisional proposals for reform of the existing state-controlled system.

At present the working party is operating on an informal basis. However, Mr Alphandery hopes to have finalised the details of the package by the end of the year.

Pension reform is one of the most pressing and complex issues on the French government's financial agenda.

The system worked well in the 1950s and 1960s when France had a large, young working population. But it now faces collapse as the population has aged and a proportionally smaller group of workers struggles to support a growing number of pensioners. Mr Alphandery is said to be determined to change the system.

German manufacturing orders fall

By Judy Dempsey in Berlin

MANUFACTURING orders in western Germany fell by 2 per cent in August against July and by 7.1 per cent against August last year, the economics Ministry reported yesterday. Orders for July and August together, however, were 0.5 per cent higher than in May-June, indicating a continuation of the upward trend.

observed since spring", according to the ministry.

The level of industrial orders will be watched closely in eastern Germany, where any sustained economic growth will depend on receiving orders from companies in the west. Real exports from the five eastern states are expected to rise by 5 per cent this year compared with last, but it will

hardly dent the trade deficit which totals DM200bn (\$123bn).

The latest figures coincide with a report by the Berlin-based DIW Institute for Economic Forecasting which sees no signs of a fall in unemployment in either western or eastern Germany. Despite adjustments for seasonal factors, the DIW expects unemployment in the west to have risen by a further 20,000 last month,

bringing the total number of officially unemployed to 2.18m, or 7.2 per cent of the labour force.

In the east, the DIW says there is not yet "light at the end of the tunnel" in terms of stemming structural unemployment. However, the number of job vacancies stood at 64,000, a rise of 7,500 over the same period last year, and 40,000 remain unfilled.

Workers ready for cuts in real pay

ABOUT a third of the German workforce is ready to accept real pay cuts this year, even before the main annual negotiating rounds get under way, writes Christopher Parkes in Frankfurt. As union officials yesterday continued their campaign against employers' calls for a wages freeze, two opinion polls suggested that between 31 and 35 per cent of the working population is apparently resigned to lower incomes.

While almost 50 per cent said they were prepared to strike in support of claims for higher wages, union leaders were markedly less belligerent. Mr Hermann Rappe, the leader of the IG Chemie chemical industry union, said his aim was an award equal to the expected inflation rate. The

unions members could not expect compensation for higher taxes and social welfare contributions, he said in a radio interview.

Most economists suggest consumer prices next year will rise 3.5 per cent.

make sacrifices. He said the government was trying to improve the employment situation through gains in competitiveness. "We are not saying, 'I will give you this and you will give that'. The big problem is that the government has nothing to give in exchange."

The unions have issued threats of action against the government's hard line in the talks, but are thought to be in too weak a position to hurt the government.

González pledges to win battle over labour market

By Peter Bruce, Tom Burns and David Marsh in Madrid

MR Felipe González, the Spanish prime minister, said yesterday he intends to press ahead with tough reform of the country's rigid labour market with or without agreement between employers, the unions and the government in talks that started earlier this week.

Addressing concern in financial markets that failure so far to agree

on a much vaunted three-year "social pact" - designed to help drag Spain out of recession - Mr González said the pact was not an end in itself. If by the end of next month no agreement was reached on a three-year wage moderation deal, and the labour reforms the government wants, it would impose the reforms.

"I hope there will be agreement," Mr González said in his first newspaper interview since being elected

to a fourth term in office last June. He said the pact was an instrument to create the conditions in which more jobs could be created, to provide competitiveness. "We obviously cannot force pay levels on employers and workers (but) if there is not a pact, the government will apply the necessary measures within its competence."

The first phase of the tripartite social pact talks ended badly last week. The three sides had been discussing pension increases, jobless

benefits, civil service pay and reactivating the economy when the government, forced to present a budget to parliament by September 30, ran out of time and included its own conservative targets in the budget.

These were now the sovereign business of parliament, Mr González said, implying that it was no longer possible to discuss them with the unions.

This week the second and final

phase of the talks began - on a global three-year agreement to hold wage rises below inflation, on labour market reform, including traditional forms of collective bargaining, and on introducing more flexible lay-off procedures.

Mr González said he recognised that the pact talks were "very difficult" for the unions. "We are talking about a pact with special characteristics," he said, in which the unions were being asked to

make sacrifices. He said the government was trying to improve the employment situation through gains in competitiveness. "We are not saying, 'I will give you this and you will give that'. The big problem is that the government has nothing to give in exchange."

The unions have issued threats of action against the government's hard line in the talks, but are thought to be in too weak a position to hurt the government.

RUNNING YOUR OWN PENSION SCHEME?

WE'RE THE FIRST TO GIVE YOU THE **HALLMARK OF QUALITY**

The hallmark is the oldest form of consumer protection in the world. Gold marking began in England around 1300. Symbols struck onto the gold indicate that the gold has been tested for quality. When buying gold jewellery, it always makes sense to buy an item with the hallmark.

BS 5750 is a quality standard recognised worldwide. Many manufacturing companies have received BS 5750 status, but the first pensions administration company to do so is Hadrian-Solway.

Hadrian-Solway are the pensions administration professionals, in business to save you time and money. And with the hallmark of quality to guarantee their service.

To find out more about Hadrian-Solway and its services call Nicholas Wheeler now on 0252 519255. Alternatively, complete and return the coupon. You won't regret it.

Please send me more details about Hadrian-Solway and its services

Name _____
Job Title _____
Company _____
Address _____
Postcode _____ Tel _____

HADRIAN-SOLWAY
The Pensions Administration Professionals

Hadrian-Solway Limited, Hadrian House,
61-65 Victoria Road, Farnborough, GU14 7PA

Sime Darby Berhad
NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Fifteenth Annual General Meeting of Sime Darby Berhad will be held at the Nirwana Anteroom, Kuala Lumpur Hilton, Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia on Monday, 1st November 1993 at 11.30 a.m. for the following purposes:-

To receive and adopt the Directors' Report and the Accounts for the year ended 30th June 1993 and the Auditors' Report thereon. (Resolution 1)

To declare a final dividend for the year ended 30th June 1993. (Resolution 2)

To elect the following Directors:-

YM Tunku Tan Sri Dato' Seri Ahmad bin Tunku Yahaya (Resolution 3)

Ricardo J Romulo (Resolution 4)

Michael Wong Pakshong (Resolution 5)

To consider and, if thought fit, pass the following Resolution as a Special Resolution pursuant to Section 129(6) of the Companies Act, 1965:-

"That pursuant to Section 129(6) of the Companies Act, 1965, YABhg Tun Ismail bin Mohamed Ali be re-appointed Director of the Company to hold office until the conclusion of the next Annual General Meeting". (Resolution 6)

To re-appoint Pricewaterhouse as auditors of the Company and to authorise the Directors to fix their remuneration. (Resolution 7)

Kuala Lumpur
7th October 1993

By Order of the Board
Martin G. Menan
Secretary

Note:
Any member of the Company entitled to attend and vote at this meeting is also entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company.

THE distance-learning MBA for

FINANCIAL MANAGERS

World-famous Manchester Business School's International Centre for Banking and Financial Services and the School of Accounting, Banking and Economics of the University of Wales, Bangor have formed the

Institute for Financial Management

to offer a unique distance-learning MBA Programme specially designed for people in all financial sectors such as Accounting, Banking, Insurance, Building Societies and Financial Administration. The Programme:

- Is flexible - portable - modular
- Tuition fee includes textbooks and study material
- Has high levels of student support and staff contact
- Includes specialist option courses

The course is available as a full programme over 5 semesters (30 months) open to graduates and/or suitably experienced managers or as an Accelerated (18 month) Programme for professionally qualified managers with the following qualifications: FSD, ICA, ACCA, CIMA, CIPFA, ICMA

Brochure and application form for January 1994 issue from: The Institute for Financial Management, University of Wales, Bangor, Gwynedd LL57 2DG. Tel: 0248 382278 Fax: 0248 370769

Weekend FT
RESIDENTIAL PROPERTY

Appears EVERY SATURDAY in the Weekend FT.

Your advertisement will reach an international audience of approximately

ONE MILLION READERS in 160 COUNTRIES.

Advertising is available every week in Full Colour, Spot Colour or Mono.

For further information please contact:

Agents & developers:
Julia Copeland 071 873 3307.

Private Advertisers:
Sonya MacGregor 071-873-4935 Fax: 071 873 3098.

One Southwark Bridge, London SE1 9HL.

Court rules on equal pensions

By Norma Cohen, Investments Correspondent

THE European Court of Justice yesterday ruled that employers are not liable to pay equal pensions to men and women for any period of service before a landmark ruling in May 1990.

The judgment was issued in connection with one of four cases before the court. The court was asked to interpret its earlier ruling that pensions are effectively deferred pay and that employers may not discriminate between men and women on pay.

Yesterday, the court issued its ruling in the case of Mr Ten Oever who sued his late wife's pension scheme on the grounds that it provided survivors' benefits to widows and not to widowers. Mr Ten Oever asked the court to decide whether the scheme must also pay benefits to men.

The court declared that pension schemes could not discriminate between men and women in respect of service after May 17 1990.

The case decided by the court in May 1990, Barber v Guardian Royal Exchange, left key questions about pension equality unanswered, including whether employers would have to make enhanced pension payments retroactively before the judgment was issued.

European governments had argued that full retrospective pension payments could cost employers throughout the EC up to £100bn in back-payments. Until May 1990, employers in most EC countries allowed women to retire on full pensions at 60 while requiring men to work until 65 before receiving the same benefit. Thus, women had been receiving more generous pensions than men.

"The court has decided to settle the retrospective question for once and for all," said Mr Geoffrey Purlonger, head of EC practice at consulting actuaries William M Mercer Ltd.

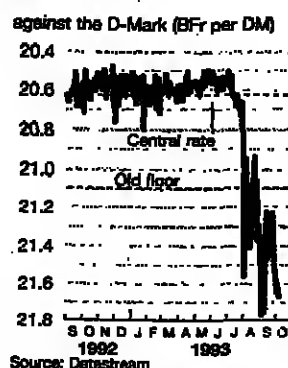
The Ten Oever case was one of a group of cases brought before the court to try to resolve matters related to retrospective pension payments. However, the court has yet to rule on the most complicated of those cases, that of a group of former employees of Coleroll, the former UK home furnishings company now in administration.

The court must therefore decide how employers are to pay equal pensions despite the fact that women live longer than men and thus require more money to finance the same level of benefit. The UK insurance industry and groups of European actuaries have asked the court to consider whether life insurance companies which sell annuities to provide pensions must base their rates on "unisex" actuarial tables which ignore women's greater longevity.

No occasion for a Belgian compromise

Kingdom faces a challenge with repercussions that will be felt beyond its borders, writes Andrew Hill

B. Franc



NEWS: THE AMERICAS AND WORLD TRADE

Senate delay on Somalia averts clash with Clinton

By Jurek Martin in Washington

PRESIDENT Bill Clinton avoided an immediate confrontation with Congress over US policy in Somalia yesterday, when the Senate agreed to postpone by at least a week a vote that could have led to a cut-off in funds for the operation.

Senator George Mitchell, the majority leader, made it clear the delay was designed to give the president more time to resolve the administration debate on the next moves in Somalia. This entered its second day yesterday as Mr Clinton set aside domestic policy for the moment.

Outside the White House political pressure continued to grow, with members of Congress demanding either that

US troops be withdrawn forthwith or that the president come up with a clear statement of policy goals.

The debate cut across party lines. A letter signed by 65 Republican congressmen demanded an early withdrawal, but Senator Bob Dole, the Republican minority leader, argued that "this is not a time for panic".

Democrats were similarly divided. Senator Paul Simon of Illinois, while criticising the administration's fixation with getting rid of General Mohammed Farah Aidede, the Somali factional leader, argued that the wrong global signals would be sent by a premature US retreat.

Congressman Robert Torricelli of New Jersey, appearing on the same TV programme,

contended that after the Gulf war nobody could suggest that US credibility was an issue. He said the US should declare a victory and get out.

Opinion polls have also shown little enthusiasm for a long US stay in Somalia following last week's costly military assault on Gen Aidede's positions in south Mogadishu. Approximately two-thirds of those questioned in two surveys favoured an early withdrawal, though a majority in one believed US forces should continue to try to punish Gen Aidede.

Both houses of Congress last month passed resolutions, though non-binding, assuming greater significance in the current heat of the debate. They require Mr Clinton to lay out by October 15 the details of

his Somali policy prior to a possible vote by November 15 either to endorse a continuing mission or to force a withdrawal.

There is genuine concern in the administration not to lose the initiative on the main domestic legislative agenda - specifically healthcare reform, which had been proceeding quite well, and the North American Free Trade Area, where an uphill battle has been joined.

The US yesterday reduced its UN arrears with a payment of \$533m (\$352.9m), including \$300m for peacekeeping.

This still leaves the US debt of \$472m for the regular budget and for peacekeeping. Member states' total arrears were put at \$1.7m, including \$1.2m for peacekeeping.

Pension fund in trade credit link

By Nancy Dunne in Washington

THE US Export-Import Bank and the New York City Police Pension Fund have agreed on a novel course of export financing which will make available trade credits to help small and medium-sized companies sell abroad.

The pension fund is to finance a \$50m (£19.8m) line of credit, to be administered by the two-year-old New York State Export Finance Programme, for working capital loans of \$25,000-\$2.5m for proposed export projects.

The loans will be approved and guaranteed by Eximbank. Mr Alfred Daibock, director of the New York programme, said the scheme "addresses the real need [for export finance] right smack in the middle". The need was for an agency which would work with exporters and banks and conduct the labour intensive work, which banks found insufficiently profitable.

The export finance programme does not need to make

a profit, but it expects to give good returns to the pension fund investors and break even itself in the next 12-18 months.

Efforts have been under way for some time to utilise pension funds in trade development schemes.

Ms Elizabeth Holtzman, New York City Comptroller and adviser to the city's \$47bn pension funds, said that it was the first use of such funds to revitalise New York's manufacturing sector and create new jobs. Mr Ken Brody, Eximbank's chairman and a former investment banker with Goldman Sachs, said the programme, which was initiated before he joined Eximbank, would serve as a model for other federal and city efforts.

"It increases the amount of financing available for exporters, helps the local economy and allows pension funds to obtain a good rate of return on their investments at minimal risk," he said.

The \$50m in financing may ultimately underwrite as much as \$100m in overseas sales.

Bermuda keeps faith with UBP

By Andrew Jack in Hamilton, Bermuda

BERMUDA'S ruling party was re-elected on Tuesday night with a majority of just four seats, retaining the grip on power it has enjoyed since the British dependent territory became self-governing in 1988.

The United Bermuda party won 22 of the 40 seats in the island's House of Assembly, against 23 seats in the last election in 1988. The Progressive Labour party took all the remainder, with an independent incumbent and the only member of the country's National Liberal party losing their seats.

The UBP's share of the vote remained unchanged at 50 per cent, but two of its cabinet ministers lost their seats; Sir John Sharpe, minister of delegated affairs and a former premier, and Mr Gerald Simons, the environment minister.

The election was fought against a backdrop of anxiety that a PLP victory would threaten the island's future as an offshore centre. The opposi-

tion had pledged accelerated "Bermudisation," but said it would do nothing to harm international business.

Local issues dominated the campaign, particularly the future of the US Navy's air base on the island, which Washington has threatened to close as part of its defence cuts. Sir John Swan, the premier, said yesterday that with his new mandate he was re-opening talks with the US and would also be holding discussions with European Community and Canadian officials.

The PLP, which draws its support predominantly from Bermuda's majority black population and blue-collar voters, saw its share of the vote rise from 37 per cent to 46 per cent in spite of a UBP campaign which questioned the opposition's ability to govern.

Mr Frederick Wade, leader of the PLP, said: "We accept the result. Bermuda has spoken. We intend to be on the case."

In spite of heavy rain during much of the day, voter turnout rose to 78 per cent, up from 74 per cent in 1988.



Michael Jordan: Desire has deserted the world's best-known sportsman

Jordan calls time on a high-flying career

By Jurek Martin

PORK bellies may not have moved much yesterday on the Chicago commodity exchanges, but there was news out of the second city that can be said to have wobbled the Sears Tower and the nation, at least momentarily.

Michael Jordan, by any yardstick the world's best-known sportsman, who played basketball for a very large living, quit the sport at the age of 30.

Jordan broke the news late on Tuesday. "The desire has gone," he told some local reporters, who thought their big story of the night was the opening of the baseball playoffs. At his press conference yesterday he said the same thing repeatedly. He had been thinking of retiring for at least a year, even before he led the Chicago Bulls to a third consecutive championship and propelled himself far into the air for a seventh consecutive scoring title. Last year he also won his second Olympic gold medal.

He had talked about quitting with his father, who was murdered in North Carolina last July. "At least he got to see my last basketball game," Jordan said, investigations into his passion for gambling at casinos and on the golf course were not material, he said.

But he could not depart without some cracks at press bounding of public figures. Just as, in 1992, a certain politician had declared (wrongly as it transpired) that "you won't have Richard Nixon to kick around any more," so Jordan told his audience pointedly: "Hopefully I won't be seeing too many of you guys in the future." If

that message was not received, he added: "Stay away from my house."

Jordan's reputation has probably only been matched in modern sporting history by Pele, the Brazilian soccer legend. But it was only partly based on his unquestioned sporting prowess, substantial though this was. Along with Earvin "Magic" Johnson and Larry Bird - both retired in the last two years, the second suffering the effects of age and chronic injury - Jordan made the 1990s a golden age for basketball, no longer primarily an American inner-city game.

His visibility made him the most successful television advertising salesman for commercial products around the world. According to Forbes magazine, his income from promoting Nike shoes, McDonald's hamburgers, Wilson sporting goods, Gatorade soft drinks and Sara Lee confectionery earned him about \$33m (£21.1m) last year, far more than the \$3.9m he picked up from shooting a basketball.

His loss will be felt hardest in Chicago, which had been accustomed to sporting success. The two local baseball teams, the Cubs and the White Sox, have not won a World Series since 1908 and 1917 respectively. The White Sox lost their opening playoff game on Tuesday, after Mr Jordan had thrown the ceremonial opening pitch.

"There was hope in Chicago, and elsewhere, yesterday that his retirement would not be permanent, not least because quitting at the peak is uncommon in professional sport. Asked the inevitable question, Jordan merely replied: "I don't believe in never."

US economists attack 'myopic' trade calls

By David Dodwell, World Trade Editor

JAPAN should reject "misguided" American demands for managed trade and "myopic" calls for a cut in its bilateral trade surplus, according to a group of leading US economists.

In an open letter to President Bill Clinton and Mr Morihiro Hosokawa, Japan's prime minister, the economists attacked administration demands that Japan should lower its trade surplus with the US, which is expected to rise to about \$60bn (£39.7bn) this year.

"It is myopic for the US to create the impression that Japan's surplus is harmful, when its own past profligacy and current budgetary deficit have crippled its ability to finance its own needs, much less those of the rest of the world," the letter said.

It was signed by 25 economists including Nobel-laureates Mr Lawrence Klein, Mr

Franco Modigliani, Mr Paul Samuelson, Mr Robert Solow, and Mr James Tobin, along with Mr Paul Krugman at the Massachusetts Institute of Technology, Mr Jagdish Bhagwati at Columbia University, Mr Jeffrey Sachs at Harvard, Mr John Mankin at the American Enterprise Institute, and Mr Gary Saxonhouse at Michigan University.

On managed trade the group attacked "the crude and simplistic view that Japan is importing too few manufactured goods to 'structural barriers' which make Japan special".

"The world needs more market-based trade, governed by internationally agreed rules, not targets set by bureaucrats, politicians and self-interested complainants from industry."

Where there were legitimate complaints about access to Japan's market, they should be resolved in the "neutral and impartial" context of Gatt.

Cross-party support for rival US health plan

By George Graham in Washington

A GROUP of conservative Democrats and centrist Republicans joined forces yesterday to present an alternative plan for reforming the US healthcare system.

Some supporters believe the plan could prove to be the principal rival to President Bill Clinton's health programme.

The group, led by Congressman Jim Cooper, a Tennessee Democrat, and Congressman Fred Grandy, a Republican from Iowa, backs some of Mr Clinton's proposals but wants a bigger role for the market and a reduced role for the state.

The Cooper-Grandy scheme, like the Clinton plan, embraces the "managed competition" concept introduced by academic economists as a way of improving the healthcare market by grouping consumers in alliances.

Unlike the Clinton plan, which would compel employers to provide health insurance for their workers and pay for 80 per cent of the premiums, it relies on a more voluntary approach.

"We object to employer mandates, global budgets, price controls, restrictive regulatory purchasing co-operatives, excessive state flexibility and the continuation of the unlimited corporate tax deductibility for health benefits," Mr Cooper said.

Critics charge, however, that without some form of compulsion no reform plan can achieve universal coverage, a key selling point of Mr Clinton's plan and an increasingly popular guarantee.

Mr Cooper and Mr Grandy, backed by 44 colleagues from both parties, would offer a standard package of healthcare benefits and would pay for their reforms principally by stopping companies from deducting from their taxable income the cost of health coverage exceeding this standard.

The Congressional Budget Office has estimated that this kind of limit on deductibility could increase tax revenues by about \$113bn (£74.8bn) over five years, and would also add to market pressure for slower increases in medical costs.

The Clinton administration has repeatedly said it is open to suggestions on changing its plan, which is still a long way from satisfying most members of Congress.

Criticism has focused on the administration's estimates of future cost savings, essential to pay for an expansion in the sorts of healthcare coverage provided, and on subsidies to small businesses, which will now be obliged to offer health insurance to their workforce.

Matsushita venture lifts China profile

By Michio Nakamoto in Tokyo

THE race among Japanese companies to win a larger share of the Chinese market is heating up.

An expected investment of ¥10bn (£62.5m) by Matsushita, the consumer electronics group, in a Chinese joint venture to manufacture components for video cassette recorders for the Chinese market will be the largest yet for a Japanese company there.

The deal, which could be officially agreed next month, follows Matsushita's decision in September to set up a wholly owned company in Xiamen to produce audio equipment.

Matsushita exports about 10,000 VCRs a month to China but aims to manufacture 1.5m units a year there by the end of 1994. The company already has a manufacturing facility for colour TV tubes in Beijing and for black and white TV tubes in Shanghai.

In the audio market, Matsushita is shifting production of cassette players and clock-equipped radios for the Chinese market from South-east Asia to the Xiamen economic zone. Although future products from China could be exported, the company believes production will just meet Chinese demand for the foreseeable future.

Sanyo, the electronics group, is also investing in a Chinese joint venture company to manufacture and supply commercial refrigeration equipment. Sanyo has the largest share of the Japanese market for refrigerated display cases.

The group will have a 55 per cent stake in the new venture, with China Dalian Refrigeration holding 40 per cent and Nishio Iwai, the Japanese trading house, 5 per cent. It will be Sanyo's 12th manufacturing facility in China.

The new company will begin operating in Dalian late next year with initial production of 500 units, rising to about 12,000 annually within seven years. China's market for supermarket showcases is estimated at 4,000 units this year, but is expected to grow rapidly.

CONTRACTS & TENDERS

PROCUREMENT NOTICE

ÇUKUROVA ELEKTRİK A.Ş.

BID NO: FTM-CTVT 93.01
BID SUBMISSION DATE: NOVEMBER 1, 1993

Çukurova Elektrik A.Ş. (ÇEŞ) intends to procure below Electrical Materials for the construction and extension works of its substations.

1-53 EA. 170 KV CURRENT TRANSFORMERS OF VARIOUS CHARACTERISTICS
2-54 EA. 170 KV CAPACITIVE VOLTAGE TRANSFORMERS

This procurement shall be financed by the company resources and the Bidding shall be made according to the company's Bidding Procedures.

This Bidding is open to all Bidders who comply with below Prerequisites for eligibility:

- Bidders who have been regularly engaged for a continuous period of 10 years, prior to the date of Bid submission, in the design and manufacture of above specified materials, operating at a system voltage of 170 KV or more.
- Bidders who have designed and manufactured at least 2,000 pieces of above specified materials, out of which 1,000 pieces still in operation, since 3 years.

A complete set of Bidding Documents may be obtained upon remittance of a non-refundable document fee of 100 USD or equivalent convertible currency, to below Bank Accounts and upon a written application to below address with evidence of payment:

ACCOUNT NO:
ADABANK-ADANA BRANCH ACC. NO. 2000 0013
IMAR BANKASI-ADANA BRANCH ACC. NO. 2000 2548

ADDRESS:
ÇUKUROVA ELEKTRİK A.Ş.
GENERAL MANAGEMENT
SEYHAN BARAJI, P.O.B. 239
01322 ADANA-TURKIYE

PHONE: 0-322-235 06 81 (4 lines)
TELEFAX: 0-322-235 02 57
TELEX: 62736 CEAS TR

All Bids must be delivered to the above office on or before 14:00 hours, Local Time on November 1, 1993 and shall be opened at above offices of General Management.

It is essential that the Bidders shall be in conformity with the Prerequisite for Eligibility and the Bids shall be submitted in full conformity with the Bidding Documents. Other Bids shall be rejected.

ÇEŞ reserves the right to accept or to reject any Bid and annul the Bidding process and reject all Bids, at any time prior to award Contract, without thereby incurring any liability to the affected Bidder(s) or any obligation to inform the affected Bidder(s) of the grounds for ÇEŞ's action.

GENERAL MANAGEMENT

LEGAL NOTICES

In the matter of Longions Limited and
In the matter of the
Cyprus Companies Law 113
Notice is hereby given that the creditors of the above-named company which is being voluntarily wound up are required on or before the 7th day of November 1993 to send in their full names, their addresses and descriptions, full particulars of their debts or claims and the names and addresses of their solicitors (if any) to the undersigned Mr Anthony Ilija Rossos FCCA of Julia House, 3 Themistocles Dervis Street, P.O. Box 1612, Nicosia, Cyprus, the liquidator of the said company, and if so required by notice in writing from the said liquidator, are to submit evidence in support of their claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 7th day of October 1993
A Ilija Rossos, Liquidator

PERSONAL

PUBLIC SPEAKING

Training and speech-writing by award winning speaker. First lesson free.

Tel: (0727) 861133

GENEVA SWITZERLAND

Full Service is our Business. International law and taxes. Mailbox, telephone, furnished offices and conference rooms for daily or monthly rental, sales and telecommunication services. Translation and secretarial services. Formation, domiciliation and administration of Swiss and foreign companies. Full confidence and discretion assured.

BUSINESS ADVISORY SERVICES S.A.
7 Rue Mazy, 1207 Geneva
Tel: 736 85 40. Telex: 413222
Fax: 786 06 44

MMC INQUIRY INTO THE DISTRIBUTION OF FILMS

The Monopolies and Mergers Commission have been asked by the Director General of Fair Trading to investigate and report on the existence or possible existence of a monopoly situation in the supply of films for exhibition in United Kingdom cinemas.

Anyone wishing to obtain a copy of the full terms of reference, or to submit evidence, should write to: The Reference Secretary (Films), Monopolies and Mergers Commission, New Court, 48 Carey Street, London WC2A 2JT (Fax: 071-324 1400). Any evidence should be submitted by 22 October 1993. Please quote reference FILM/FT.

TO SAVE ALL THESE TREES WE HELP CHOP DOWN THIS ONE.

Tragical hardwood trees are more valuable to loggers than other trees in the rainforest.

High prices for hardwoods ensure that loggers have no qualms about destroying other trees that stand in their way.

So a WWF project in Costa Rica is researching ways of felling a tree without bringing down several others around it. And how to remove it without bulldozing a path through the surrounding forest.

If the rainforests are not saved, they can be lost forever. Help WWF prove this in uniform around the world, by writing to the Membership Office at the address below.

WWF
World Wide Fund For Nature
Hemel Hempstead, Herts, UK SG8 1LN
International Secretariat, 110 Chiswick, London, UK

Residential Property PRIVATE ADVERTISERS please contact Sonya MacGregor 071 873 4935

Judge delays Brazilian reforms

By Angus Foster in São Paulo

BRAZIL'S constitutional revision process got off to a shaky start yesterday when an opening ceremony was delayed by a court order.

The preliminary order, issued by a Supreme Court judge apparently without consulting his 10 colleagues, effectively annulled a session of Congress last month which had discussed the date for the reform process to begin. The judge ruled the session was opened without a necessary quorum and issued the order even though the actual vote on starting the

revision took place at a later session, properly convened.

The judge's decision was greeted with surprise. It is likely to delay rather than threaten the revision, required to take effect five years after the constitution was approved on October 5 1988. Members of Congress were trying yesterday to have the decision overturned immediately.

However, the incident showed the capacity for stalling tactics from groups opposed to the process, such as left-wing politicians, trade unions and church groups, who filed the request for the session to be annulled.

These groups fear the reform threatens social rights guaranteed in the constitution. The government and business leaders see change as vital to solving some of Brazil's economic problems and to allow further liberalisation of the economy.

If the judge's ruling is not overturned immediately, Congress can possibly seek a full hearing of the Supreme Court or convene a new series of meetings to agree on a new date for the process to begin. Either course is likely to take some weeks.

Many politicians want to complete the revision this year to keep it separate from next year's elections.

ss-party
port for
US
th plan

conservative Democrats and
Republicans joined forces
to support an alternative
plan for the US health care system.
The plan would allow the
federal government to set
the principal rules for the
national health program.
It, led by Congressman Jim
Gerstner, a Republican from
Indiana, and Sen. Orrin
Graham, a Democrat from
South Carolina, would
allow a reduced role for the
state-run health plans.
The plan would also
allow the federal government
to set the principal rules for
the national health program.
It, led by Congressman Jim
Gerstner, a Republican from
Indiana, and Sen. Orrin
Graham, a Democrat from
South Carolina, would
allow a reduced role for the
state-run health plans.

large, however, that while
the union is not a reform
plan, it is a step in the
right direction. The plan
would allow the federal
government to set the
principal rules for the
national health program.
It, led by Congressman Jim
Gerstner, a Republican from
Indiana, and Sen. Orrin
Graham, a Democrat from
South Carolina, would
allow a reduced role for the
state-run health plans.

atsushita
nature lifts
ina profile

reforms

Tokyo takes tougher line with Beijing

By Robert Thomson in Tokyo

WHEN Mr Morihiro Hosokawa, Japan's new prime minister, starts talking about China, some bureaucrats in Tokyo hold their breath, wondering if the self-consciously candid leader will offend the Chinese government.

On hearing that China had resumed nuclear testing on Tuesday, Mr Hosokawa was particularly blunt, unlike past prime ministers from the Liberal Democratic party, saying: "It can only be described in the words 'very regrettable'."

One senior Japanese official emphasised the prime minister was "not reading a statement" when he criticised the Chinese action, implying that the prime minister had picked the words himself and had chosen to inject drama into the delivery.

Japan has not altered direction on China policy, but the changes in style introduced by Mr Hosokawa and his seven-party coalition mean that the government is apparently taking a tougher public line on Chinese nuclear tests, weapons exports and human rights abuses.

Last week Mr Tsutomu Hata, foreign minister, told his Chinese counterpart, Mr Qian Qichen, during a meeting in New York that Tokyo is watching China's arms export policy very closely and warned him that Japan opposed a resumption of nuclear testing.

China is accustomed to hearing these warnings from the US government, and while they are not necessarily new Japanese policies, Beijing officials have noted that the Hosokawa government is far more willing to make clear its concerns about Chinese policies.

A separate incident last week gave the Chinese government the impression that the climate had changed in Tokyo. After several days of bickering,



Morihiro Hosokawa: Nuclear test 'very regrettable'

the Chinese delegation to the Tokyo International Film Festival stormed back to Beijing because their Japanese hosts planned to screen two "unauthorised" Chinese films.

The films - one called Blue Kite, a painstaking but unflattering profile of Chinese life in the 1950s and 1960s, and the other a rough-and-ready portrait of Beijing youth, Beijing Bastards - were unauthorised because they are still at the centre of an ideological argument in China.

In the past, the fear of offending the Chinese government would have tempted organisers to shelve the screenings, but they went ahead, and Blue Kite won the grand prize at the festival, causing more embarrassment in Beijing.

The coming of the Hosokawa coalition has not slowed the economic exchanges. The prime minister yesterday met a delegation from Dalian, the northern Chinese port city, which launched a trade fair in Tokyo to sell its suitability as an investment site.

Japanese electronics companies apparently need little convincing. Sanyo announced yesterday that it will establish a joint venture in Dalian to manufacture commercial refrigeration equipment and Matsushita is planning to produce video cassette recorders in the Chinese city.

Japanese wages rise kept at lowest for 34 years

By William Dawkins in Tokyo

JAPAN'S image as a high-wage society received a dent yesterday with publication of an official 1.9 per cent rise in average private sector wages for last year, the lowest growth rate in 34 years.

Some companies might even have to cut wages next year to ensure full employment if the downturn continues into the tax period starting April 1994, warned Mr Takeshi Nagano, the chairman of the Nikkei

eiren employers' federation.

One leading car group has been reported to be considering a cut in bonuses, while holidays on low pay are said to be under study in the electronics and steel industries. The companies involved have not confirmed their plans.

In real terms, disposable income for the average family of four rose by a mere 0.1 per cent, the smallest increase since 1982, when average income stagnated, according to the wage report, by the

national tax administration agency. Last year's average private sector annual wage was ¥4.55m (£28,400) before tax, said the agency.

Last year's 1.9 per cent average wage rise compares with 5 per cent in the previous year and is the third smallest since the records started in 1949.

Mr Nagano called for a ¥10,000bn income tax cut by the end of this year to stimulate the economy. It had until yesterday been asking for a ¥2,000bn tax cut.

Australia seeks a bargain at work

Nikki Tait on planned labour reforms expected to provoke an outcry

AUSTRALIA'S Labor government, re-elected last March, may think it has problems with a stalled budget, but its parliamentary battles could just be starting.

For next on the agenda is labour market reform legislation, and a deal negotiated this week between the government and prime minister Paul Keating and the nation's trade unions seems certain to provoke maximum outcry.

Full details of the industrial relations reform package have not been made public yet. The government-union agreement - reached late on Tuesday - still requires formal ratification by the Australian Council of Trade Unions, which it will probably get tomorrow. On the government's side, Mr Laurie Brereton, the industrial relations minister, has yet to sell the proposals to his own Labor party caucus.

But assuming no big obstacles emerge in either case, the substance of the package is fairly clear - so much so that employers' organisations are already limbering up for the fight.

"This is 96 per cent an ACTU agenda, 5 per cent a government agenda and zero per cent an employer agenda," said the Australian Chamber of Commerce and Industry yesterday.

The package will almost certainly contain three elements.

The first will centre on an extension of "devolved" wage bargaining at workplace level. Australian wages have long been set by a complex structure of federal and state com-

missions, paying little attention to individual employers' circumstances. But, as the country's protectionist tariff barriers have come down and a more "deregulated" economy has been encouraged, this system has looked increasingly untenable.

Over the past few years, therefore, Australia has been edging towards workplace

lia's union movement - still strong but suffering from declining membership - fought a rearguard action. For months, negotiations between the ACTU and the government stalled.

What emerged this week was a compromise. Non-union workers would be able to make enterprise deals through the use of flexibility clauses incor-

enough to deter employers. It is, claims Bryan Noakes, ACCI executive director in Melbourne, an "effective veto".

The second element likely to be in the reform package would be just as contentious. The government is likely to propose significant changes to sanctions against workers who take industrial action.

For a start, the right to

tions written into law.

The third element likely to be in the package is beefing up the protection of minimum entitlements, including wages, equal pay, parental leave and termination conditions, for all workers, and giving the AIRC an enhanced role in the process. A new federal court - the Industrial Relations Court of Australia - could also be created to take over the industrial relations jurisdiction.

These measures would be aimed in part at increasing the federal "safety net" should individual states choose to pursue more radical labour market policies. Last year, for example, a new conservative government in Victoria introduced industrial relations changes that reduced workers' entitlements and provoked a rash of labour protests.

Although the government holds sway in the House of Representatives, it needs the support of minority parties - the Green Party and the Democrats - to get legislation through the Senate.

The two Green senators are an unknown quantity but the Democrats have already raised some concerns. They have said they need to see more detail on enterprise bargaining before making a decision.

"We are going to be looking at chapter and verse of how the non-union arrangements are arrived at and none of that detail has yet been spelled out. I think it will take another month to make this legislation fit to hit the floor," their industrial relations spokesman said yesterday.

BUDGET DEADLOCK LIKELY

DEADLOCK over the Australian government's budget proposals loomed last night when opposition and minority parties in the Senate blocked an attempt to link planned income tax cuts to revenue-raising measures, Nikki Tait reports from Sydney.

The government had sought to make its proposed tax cuts for middle-income earners dependent on, and directly linked to, revenue measures mainly consisting of increases in indirect taxation. These

have been strongly attacked by the opposition.

An amendment, taking out a government-inserted clause which linked the tax cuts and revenue proposals, was passed in the Senate by 39 votes to 23, after the two minority parties, the Green party and the Australian Democrats, joined the opposition coalition in supporting the change. The single independent in the upper house, Senator Brian Harradine, sided with the opposition.

The legislation will now be referred back to the House of Representatives, which has already approved all eight budget bills. But the government has indicated it requires a link between the bills before it will implement the promised tax cuts, due to come into effect in November.

One possibility is that a parliamentary stalemate will ensue and the tax cuts be delayed, with the government hoping it can blame the opposition. Debate on the budget bills was continuing in the Senate yesterday.

referred back to the House of Representatives, which has already approved all eight budget bills. But the government has indicated it requires a link between the bills before it will implement the promised tax cuts, due to come into effect in November.

One possibility is that a parliamentary stalemate will ensue and the tax cuts be delayed, with the government hoping it can blame the opposition. Debate on the budget bills was continuing in the Senate yesterday.

Cambodia is reinstated as full member of IMF

By George Graham in Washington

THE International Monetary Fund has reinstated Cambodia as a full member and approved a \$3m (£5.9m) loan under its Systemic Transformation Facility, designed to help once centrally planned countries make the leap to a market economy.

The decision follows pledges from donor countries gathered in Washington under the chairmanship of France and Japan to pay off

Cambodia's \$52m arrears to the IMF.

Cambodia took advantage of last week's annual meetings of the IMF and World Bank in Washington to complete negotiations on a \$62.7m emergency loan from the World Bank, intended to let the country finance essential imports.

A World Bank mission is to visit Cambodia next month to examine the need for infrastructure investment. But Cambodia's needs present unusual problems because of years of war.

Ex-political prisoner given top party post in Malawi

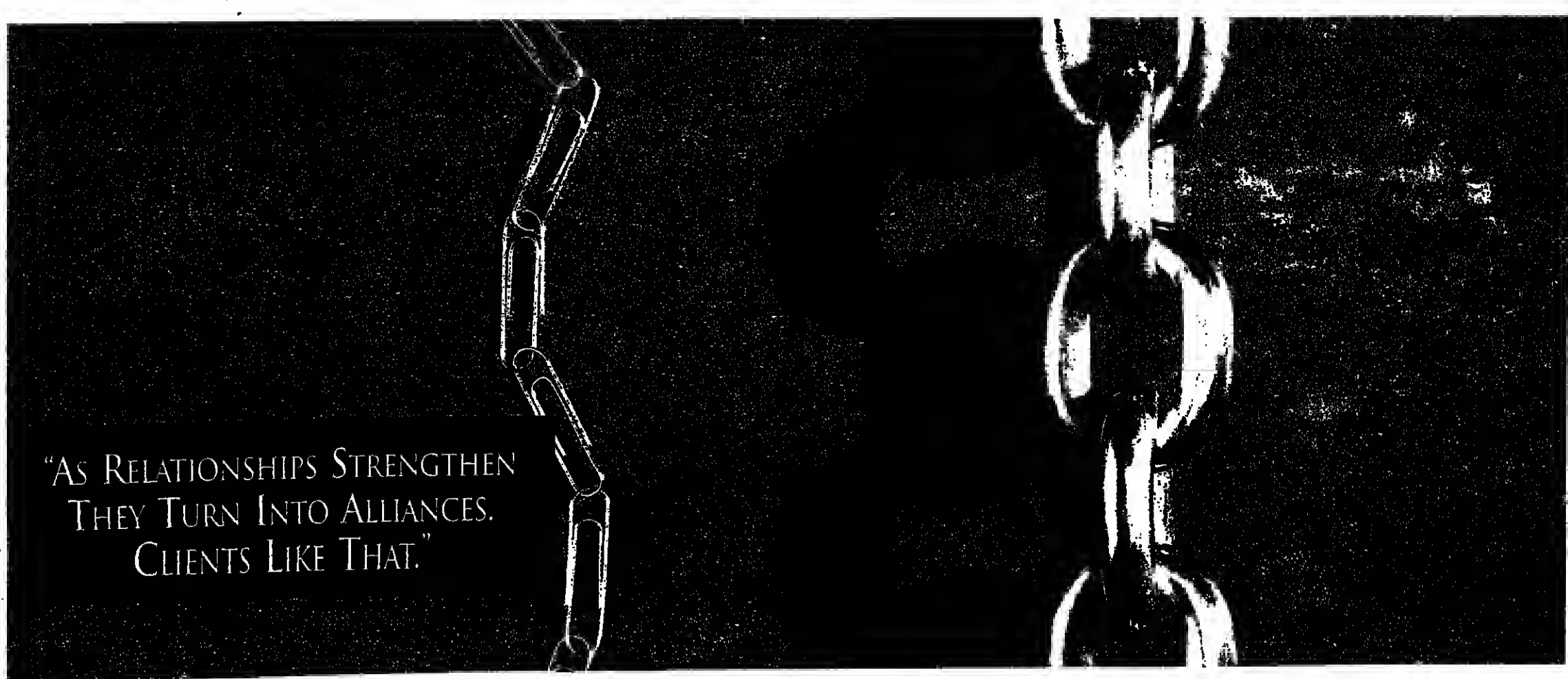
By Nicholas Young in Lilongwe

MALAWI'S ruling Congress party has appointed to the top job of secretary general Mr Gwanda Chakumba, who served 13 years in prison on a sedition charge.

His selection after a party meeting in closed session in Lilongwe took place in the absence of President Hastings Banda, who was flown to South Africa for emergency medical treatment last weekend.

It is not yet known whether Dr Banda approved the appointment himself, or whether it was the initiative of senior party colleagues in an attempt to avert a constitutional crisis.

Under the existing constitution, if Dr Banda is disabled, executive power passes to a presidential council led by the Congress party secretary general. This post had been vacant for 10 years. Its last occupant, Mr Dick Matenje, died in a 1983 car crash following disagreements with Dr Banda.



"AS RELATIONSHIPS STRENGTHEN
THEY TURN INTO ALLIANCES.
CLIENTS LIKE THAT."

Re-engineering. Resolve boards. Ravenous competitors. Revenue-seeking governments. CEOs and CFOs need strong financial allies now more than ever.

Now more than ever, Chemical is committed to building strong and mutually valuable relationships with our clients - operating as banker, advisor, and trading and investment partner.

We forge relationships that last by serving clients better than our competitors, by providing more of the products and services our clients need than our competitors, by solving more problems and finding more opportunities.

Our broad-based approach produces results. For example, we rank first in the world in loan syndications, thanks to structuring

expertise and our strong emphasis on distribution. As a natural extension of these strengths, Chemical Securities Inc. can now underwrite and deal in all types of debt securities in the United States, including corporate bonds.

Chemical also has leadership positions in trading, treasury, corporate finance, operating services and capital markets activities worldwide.

And, at a time when others have retreated from international arenas, we have a global network across 35 countries.

Our formidable market presence, growing capital strength and higher credit ratings have demonstrably increased our usefulness to our clients. Put Chemical to the test. We're a financial ally with a multitude of strengths.

CHEMICAL

EXPECT MORE FROM US.™

© 1993 Chemical Banking Corporation

Chemical Bank Member SIFU Chemical Securities Inc. Member SIPC

NEWS: INTERNATIONAL

Israel and PLO to press on with peace talks

By Mark Nicholson in Cairo

ISRAEL and the Palestine Liberation Organisation will open talks on implementing their historic peace agreement in Egypt on October 13, Mr Yitzhak Rabin, the Israeli prime minister, and Mr Yasser Arafat, the PLO chairman, said after an unexpectedly productive mini-summit yesterday.

Mr Rabin, who said he had called for the quickly-arranged talks, described them as "constructive and positive" and a "very good beginning" to implementation of the outline peace deal signed on the White House lawn three weeks ago.

He told reporters: "We are committed to whatever we signed - but it's not enough to sign, you have to translate it through negotiation into reality."

The two leaders accordingly agreed to set up four joint negotiating committees to cover all aspects of the deal which will give limited self-rule to the Palestinians in Gaza and the West Bank. At least two of the groups will convene in Egypt, satisfying in small part a long-standing Israeli call to move elements of the peace process from Washington to the Middle East.

The agreement to begin implementation talks on October 13 follows the schedule of the outline accord signed in Washington. But the progress



PLO leader Yasser Arafat looks on as President Hosni Mubarak makes a point to Israeli Prime Minister Yitzhak Rabin

came as a surprise, given PLO anger over recent tough Israeli security operations against Palestinian activists in Gaza and the West Bank. PLO officials had accused Israel of "fla-

grant violation of the spirit" of the accord.

But while Mr Rabin declined to repeat his historic Washington handshake with Mr Arafat for the benefit of the cameras,

and the leaders insisted on separate news conferences, no such bitterness was allowed to mar what Mr Rabin called simply "a working meeting".

Under yesterday's agree-

ment, Israel and the PLO will form a joint liaison committee at ministerial level to supervise implementation of the outline peace deal.

This group will start work in

Cairo next Wednesday. The same day a second joint committee will start talks in Taba, the Egyptian Red Sea resort near the Israeli border, on the Israeli military withdrawal from Gaza and Jericho. The pull-out is set to start on December 13. A third economic committee will also be established, the details and venue for which will be decided by the liaison committee.

A further series of talks will continue under the framework of the 22-month-old Washington peace talks on the powers of a Palestinian Council due for election in July and details of Palestinian "early empowerment" over a range of administrative and civic functions across the West Bank.

The separate bilateral talks between Israel and its other Arab neighbours - Jordan, Syria and Lebanon - are expected to continue in the US capital. No date has been set for the resumption of these talks since the adjournment of the 11th round last month.

Mr Arafat also suggested there was progress on the supremely contentious issue of Jerusalem's status, saying they had appointed negotiators to discuss proposals to include in the peace process the city both sides consider as their historic capital. "We agreed from my side (PLO negotiator) Faisal Husseini and someone else from the Israeli side will be

appointed to deal with the issue of Jerusalem," Mr Arafat said.

But an Israeli official dismissed the notion that anyone had been detailed to deal with Jerusalem at this stage, saying the city's status was a subject only for talks on a permanent solution in more than two years' time. Where Jerusalem was concerned Israel had agreed only to "look into" PLO requests that Palestinians from the occupied territories be allowed freer access to the city.

Israel currently limits the numbers of Palestinians allowed to cross from the West Bank and Gaza.

Both sides had agreed to defer the issue of Jerusalem during the secret Oslo negotiations which led up to the breakthrough agreement signed last month.

In the Cairo meeting hosted by President Hosni Mubarak, Mr Rabin resisted any ceremonial, telling reporters: "We believe the time has come to move from ceremonies, photo opportunities, handshakes, to move from that to business". Neither did Mr Rabin offer any "confidence-building" gestures, such as the release of Palestinian detainees in Israel, which Mr Arafat was believed to have sought. Discussion of Israeli security operations in Gaza and the West Bank were also referred to the new liaison committee next week.

'We only have weeks to agree on HK'

By Simon Holberton in Hong Kong

MR CHRIS PATTEN, Hong Kong's governor, said yesterday that Britain and China had "weeks rather than months" to agree on Hong Kong's political development before the legislative process would have to be set in train.

Mr Patten flies to London early next month for a cabinet meeting at which ministers will discuss the way ahead for Hong Kong.

It is expected that this meeting will decide whether to push ahead with the colony's political development without China's approval.

In opening the 1993-94 session of the Legislative Council (Legco), Hong Kong's law-making body, Mr Patten said Britain believed that a legislature which was openly and fairly elected was the best way to underpin the rule of law in the colony.

In seeking a credible legislature, "there is a point beyond which I do not believe that we could justifiably go, even in the pursuit of an agreement [with China] to which we genuinely aspire."

The governor confirmed that during the summer Britain had offered to reduce the size of the electorate able to vote in elections due in 1995, and had fallen in line with China's preferred structure for an electoral college which will choose 10 of Legco's 60 members.

Pro-democracy politicians have accused Mr Patten of a "huge climbdown" and a betrayal of his democratic agenda.

The governor ended his speech with an impassioned defence of the democratic ideal and challenged Hong Kong and its legislature to stand up for what it believed.

Britain would not be more bold in introducing democracy than Hong Kong wanted it to be.

"We cannot be bolder than you because liberty stands in the heart. When it shrivels there, nothing can save it."

During his two-hour address Mr Patten made a plea to China to separate issues relating to Hong Kong's economy from its dispute with Britain over the colony's political development.

Beijing's failure to approve a planned expansion of Hong Kong's container port would cost the colony, after 1997, an estimated HK\$20bn (£1.7bn) in lost output, Mr Patten added. Its refusal to deal with matters before the Joint Liaison Group (JLG), a Sino-British diplomatic forum negotiating the detail of Hong Kong's transfer to China, risked the colony's "vital legal and commercial relations with the outside world".

Hong Kong residents' rights to visa-free travel, the validity of air-service agreements, extradition treaties, and the rights on non-Chinese after the takeover were in limbo because of Beijing's decision not to co-operate in the JLG.

"If progress in the JLG does not speed up significantly, there is a high risk that the work will not be finished before 1997, and we will then face a legal vacuum," Mr Patten went on.

He also sought to shrug off his image as a one-issue governor, also promising more money for education, health, the arts and the environment, as well as more money to fight corruption and to be used for roads to improve trade with China.

The governor also foreshadowed a government position paper on pensions and outlined a legislative programme designed to bolster consumer protection and safety at work. He reiterated the government's forecast of a 5.5 per cent growth in output in 1993 but shaved its inflation forecast to 9 per cent from 9.5 per cent.

Clinton aid cut shocks Israelis

By David Horowitz in Jerusalem

ISRAELI officials have reacted with shock to a Clinton administration decision to cut by almost a quarter an aid package intended to help Israel finance absorption of immigrants from the former Soviet Union.

Under an arrangement reached towards the end of the Bush administration, the US agreed to grant Israel loan guarantees worth \$2bn (£1.3bn) a year for five years, enabling Israel to raise funds at lower interest rates on the international market. The one condition was that the annual \$2bn figure would be cut, dollar for dollar, by the sum Israel spent on settlement activity in the occupied territories.

This week, the US State Department announced that, in accordance with that penalty clause, the administration would be authorising only \$1.563bn worth of loan guarantees for fiscal 1994.

This is a cut of \$437m, reflecting Israeli government spending over the past year on housing, road building, education and other services for Jewish settlers in the West Bank, Gaza Strip and east Jerusalem.

Mr Avraham Shochat, Israel's finance minister, says Israel is now seeking "clarifications" of the penalty. Privately, officials say they foresee a cut of only \$100m.

Mr Yitzhak Rabin, Israel's prime minister, has greatly reduced spending on settlements since taking office. Much of the \$437m figure, say officials, represents the fulfilment of contracts agreed by the previous, pro-settlement, Likud coalition.

Mr Ya'acov Frenkel, governor of the Bank of Israel, has stressed the cut will have negligible economic impact. When Israel first sought the aid package, it expected having to house an annual 200,000 new immigrants from the former Soviet Union. But immigration is running at considerably less than half that number.

Israeli officials are upset by the political implication: an apparent get-tough message from the US to Israel at a time when Mr Rabin needs Washington's full support for his sensitive negotiations with the PLO on autonomy in the occupied territories.

HK media ban 'not aimed at Malaysian'

By Simon Holberton in Hong Kong

GOVERNOR Chris Patten of Hong Kong yesterday denied that proposed legislation banning cross-media ownership was aimed at Mr Robert Kuok, the Malaysian businessman who recently bought a controlling interest in the South China Morning Post from Mr Rupert Murdoch for \$349m (£230m).

The governor was responding to comments made by Dr Mahathir Mohamad, Malaysia's

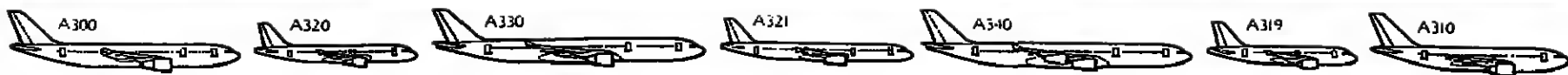
prime minister, who alleged that the legislation was directed at Mr Kuok, who owns 20 per cent of Television Broadcasts, Hong Kong's most popular television station. Mr Patten said Dr Mahathir was "curiously ill-informed" about the law in Hong Kong. He said the legislation, expected to be tabled next April, would not be retrospective. "It's certainly not possible," he said. "If you start being retrospective about cross-media ownership, at what point do you begin?"

With the world's longest range airliner, Airbus Industrie has a long-range view of the future.

The A340 flies further than any other jetliner in aviation history. It can fly a full complement of passengers for over 16 hours non-stop. This easily covers routes such as Frankfurt to Santiago or New York to Cape Town. The A340 further enhances the Airbus family's ability to match all market needs.



AIRBUS INDUSTRIE
TAKING THE WORLD VIEW



Fuse burns low on unemployment time-bomb

Russia's hidden jobless rate will not remain so for long, writes John Lloyd

THE TWO largest barriers to a radical economic reform process in Russia were the parliament and fear of the effects of radicalism on employment. Only the latter remains, but it could soon be a critical problem.

Officially, unemployment is still low: around 800,000. But hidden unemployment is much higher, according to Mr Fyodor Prokopyov, head of the federal employment service. Sooner or later, the part-time work plays and unpaid "holidays" that constitute hidden unemployment will emerge as real job losses.

"The situation of hidden unemployment cannot last," says Mr Prokopyov. "We have no good figures on this, but we estimate at least 3m

people are in this kind of situation [holidays without pay]. Beyond that, many more are on occasional work regimes, or very part-time work. In all, we reckon between 5m and 7m would be really unemployed in normal conditions." That is 7-10 per cent of the working population even before large-scale bankruptcies begin.

The city of Ivanovsk, Russia's textile centre, which has been hit hard by a loss of market, and even more a loss of cheap raw material from Central Asia, is a case in point. Factories there have had to close or

partly close - the official unemployment rate is a mere 4 per cent - in part because the region's administration has introduced a subsistence wage for people who remain on companies' books but have neither work nor pay.

"In such a region, and in others, the figure could easily and quickly reach 20 per cent or more, once the hidden unemployment becomes open," says Mr Prokopyov.

The federal employment service, a creation of the past two years, is "too weak yet to assist very much", according to Mr Prokopyov. Unused

to working with the service, neither workers without work nor employers requiring workers inform their local employment bureaux - both still rely on the traditional word of mouth, friends or relatives.

The employment service is one of the many stepchildren of a government desperately strapped for cash and too obliged, at least until now, to subsidise enterprises to prevent their bankruptcy to spare much for a service which would cope with bankruptcy's results. It has had some assistance from the German, Canadian, British and Scandinavian

governments, but a World Bank \$70m loan has not been taken up because the finance ministry is struggling to keep down debt.

stimulate militancy in members". However, this may change slowly. One of the many decrees passed after parliament was banned removed the unions' responsibility to administer the social security system, one of their largest tasks.

The intention was to start creating a system clearly run by the state. The other effect may be to make the unions more independent of a state on which they have traditionally depended, and create a far more combative relationship.

officials. Last month, the Centre for the Study of Financial Innovation, a new UK think-tank, called for a \$10bn safety net to cushion the effects of mass unemployment - which it estimated would rise to 10m-11m - to allow benefit to be paid at the rate of around Rb18,000-Rb17,000 (about \$180) a month, less than half the average wage.

It remains the most feared threat: yet it is an inescapable companion of reform. Once the present government drafts its economic programme, and Mr Boris Fyodorov, deputy finance minister, presents his budget which will now have no parliamentary opposition to countermand it, we will be able to see how real the threat is.



Moscow workmen dismantle barricades yesterday near the parliament. The capital was quiet after a second night of curfew

Foreigners still nervous about business climate

By Gillian Tett and Leyla Bouton in Moscow

IF RUSSIAN reformers are wondering how western business reacted to this week's bloodshed, they could take some comfort from the Moscow manager of Perestroika, a Russian-US joint venture construction company.

Yesterday morning, Mr Peter Degermark wrote to Moscow's deputy mayor congratulating him on suppressing the rebels - a victory he believes will open the way for more western business in Russia.

But though his relief at President Boris Yeltsin's victory was echoed across the business community in Moscow yesterday, western businesses remain far from ready to rush into Russia.

Though Mr Yeltsin has ended the paralysis between the parliament and govern-

suspended, there are fears that badly needed laws on taxation and investment could again be delayed, or introduced by presidential decree in the interim, and then amended by any future parliament.

"We just don't know what the situation with laws is now that there is no parliament," says Mr Anders Morland, resident manager of Amoco, the US oil group. "Until you have the legislation in place you can't expect major investment." Mr Morland predicts it will be at least another year before there is any large-scale investment by oil and gas companies.

One group that has, ironically, benefited inadvertently from events has been foreign banks. Days before parliament was dissolved the banks were due to debate a plan to ban foreign-owned banks in Russia from taking deposits from Russian customers from next January to 1996.

But Mr Sergei Yegorov, head of the Russian Bankers' Union, suggested on Tuesday that although Russian banks needed protection from foreign competition there was little point in reversing the terms of licences already given to foreign banks as parliament had demanded.

Nevertheless, Mr Jurgen Weller, representative of Dresdner Bank, which has recently opened a joint subsidiary with Banque Nationale de Paris in St Petersburg, insists that reforming the banking law is a priority. Meanwhile, as Mr Hans Jochum Horn, Moscow director of Arthur Andersen, the accountancy firm, points out, a clearer monetary framework is also essential.

The other great challenge for the Yeltsin government, Mr Horn notes, will be sorting out the relationship between regions and centre.

With the regions increasingly independent - and in some areas, significantly more reformist - threats by Mr Yeltsin to impose greater control over the regions are viewed with concern.

Mr Gerald Presky, representative of John Brown and Davy Metals, said: "It will be difficult to bring the regions back into the fold - it would not be good for investors." John Brown has a clutch of projects in the regions and has found, he says, that local officials are often far more open to investors than central government.

Moscow hints it may breach troop cuts treaty

By David White, Defence Correspondent

RUSSIA has issued a veiled threat that it will breach the terms of the Conventional Armed Forces in Europe (CFE) disarmament treaty unless it is allowed to raise the ceilings on its forces in the Caucasus region. President Boris Yeltsin wrote to leaders of several Nato states last month seeking to change the accord, but this is being firmly resisted.

The initiative is seen as part

of Mr Yeltsin's recent campaign to win the favour of the senior Russian military establishment.

The CFE treaty, cutting holdings of tanks, armoured vehicles, artillery, helicopters and aircraft in Europe, was signed in 1990 when the Warsaw Pact and the Soviet Union were both intact. Russia and other former Soviet republics agreed on how to share out the cuts at a summit in Tashkent in May last year. But Russia now sees this arrangement as

having left it too weakly armed on its southern flank.

Diplomats at Nato said the Russians had not gone so far as to threaten withdrawal, but had warned that they might resort to measures outside the treaty. This was seen as implying that they might move equipment beyond the limits set in the treaty. Turkey, the Nato member which would be most affected, has asked allies to oppose the moving of additional Russian forces.

Russia raised the issue ear-

lier at the Joint Consultative Group which meets in Vienna to oversee implementation of the CFE treaty.

A breach of the treaty would be taken "very seriously" by allies, diplomats said. Nato would try instead to persuade Russia to make use of the treaty's flexibility over forces in the "flank zone", which includes Russia's North Caucasus military district. The treaty, they said, gave it leeway to move equipment to the Caucasus from the Leningrad

district, also part of the flank zone.

They added that Russia did not, in any case, have to meet its ceilings until November 1995, the deadline for full implementation of the treaty.

"They have two years to do whatever they want in the Caucasus," one commented. Nato opposes an amendment to the treaty because it fears that would prompt demands for changes from other countries, undermining the whole accord.

Poland has told Colonel Vladimir Lomakin, the Russian military attaché in Warsaw, to leave because of "activities incompatible with his status as a diplomat", the Polish Press Agency said yesterday.

Defence Ministry officials in Warsaw refused to confirm that Col Lomakin's opposite number in Moscow, General Roman Harmona, had also been expelled, saying he had been recalled to Warsaw for "consultations".

NORMAN AND PARNEVIK COLLECTED THE TROPHIES. BUT HAMILTON AND NICHOLSON REALLY CLEANED UP.

At Waste Management International plc, we like to be recognised for our ability to offer advanced, technological solutions to tough environmental challenges. But we also enjoy our reputation as people who can really clean up. Anything, anywhere and anytime.

Take golf, for example. For eight days in July, two famous British golf venues, Royal St. George's and Gleneagles, played hosts to The Open and the Bell's Scottish Open championships.

You may have been watching on TV as Greg Norman littered his card with birdies and eagles, and Jesper Parnevik laid waste to his opponents.

If so, you would have also seen some of the 300,000 plus players, officials, sponsors, commentators, exhibitors and spectators who descended on the courses. But you certainly wouldn't have seen the hundreds of tonnes and hundreds of thousands of gallons of wet and dry waste that those visitors left behind.

That's because Hugh Hamilton, Alistair Nicholson and their teams from UK Waste Management, our British joint venture company, really did clean up at both events.



And while Jesper and Greg were taking the Opens to the cleaners, Hugh and Alistair were taking around 300 cleaners to the Opens. They also took 400 plastic wheelie bins, several trucks,

vans and tankers, and even a couple of motorbikes with trailers to take the waste away.

And months of careful planning ensured their hard work was carried out, quickly, efficiently and unobtrusively.

At Waste Management International, cleaning up at golf is par for the course. Be it The Open or the Scandinavian Masters. And some of our restored landfills even provide leisure space as golf courses. Yet it's only a minor part of what we do.

Today, we provide environmental services for over 150,000 businesses and for millions of households in 16 countries across the world. Our operations encompass collection, treatment, recycling and incineration of most types of waste materials, landfill disposal, waste-to-energy facilities, waste water treatment, contaminated site remediation, and on-site waste reduction and minimisation services.

And, thanks to the dedication of our 16,000 employees, people like Hugh Hamilton and Alistair Nicholson, we can tailor our world class services to meet local needs. To a tee.

For more information, call us on 44-81-563 7000.



Waste Management International plc
LOCAL PRESENCE. GLOBAL KNOW-HOW.

a ban 'not Malaysian

NEWS: UK

Irish PM appeals for patience on peace initiative

By Tim Coone

MR ALBERT Reynolds, the Irish prime minister, appealed yesterday for "restraint and patience" towards the nationalist peace initiative from Northern Ireland, but affirmed his government is involved in the efforts to bring about an end to the military campaigns of the IRA and Loyalist paramilitaries in the province.

Answering questions in the Dail (Irish parliament), he

quoted the recent joint statement by Mr John Hume, leader of the Social Democratic and Labour Party, and Mr Gerry Adams, Sinn Féin leader. He said: "It is pretty clear that it is a peace process we are talking about... we are engaged in trying to find a formula for peace."

On the talks between Mr Hume and Mr Adams, Mr Reynolds said: "I was fully aware of the objectives of those talks but not of the detail."

He and Mr Dick Spring, foreign minister, are to be told those details in a full briefing from Mr Hume later today, and will consider the proposals that Mr Hume and Mr Adams have formulated.

Mr Reynolds said Loyalist paramilitaries in Northern Ireland have declared their violence to be reactive to that of the IRA, and that if the IRA stops its campaign then the Loyalists would stop theirs. "The logical response to that is

that one should be trying to get a cessation of violence on one side, to achieve a cessation on the other," he said.

Mr Hume and Mr Adams have been holding bilateral talks since last April, which Mr Hume has stated are aimed at achieving a "total cessation of all violence".

Mr Reynolds attempted to damp expectations that there would be a prompt publication of the proposals or that a breakthrough is about to be

made. He said "I want to ask for restraint and patience from this House and the public in general. There is no overnight solution... I don't think that making every detail public would be helpful to achieving a settlement."

He has a meeting scheduled with Mr John Major, the British prime minister, before the end of the year, "and if a further meeting becomes necessary before then, then I shall seek one".

The UK government's Northern Ireland Office said last night: "The way forward as we see it is to get the [round-table] talks going again, and if any document is presented to us by the Irish government then we will consider it."

Pressed by opposition leaders as to whether the Irish government is prepared to amend its constitutional claim to Northern Ireland, which Unionists say is the main impediment to any progress,

Mr Reynolds insisted that there will be no unilateral move by Dublin. He also reaffirmed recognition of the right of Unionists to veto any constitutional change in the province, effectively enshrined in Article One of the 1985 Anglo-Irish agreement, which affirms that any change in the status of Northern Ireland would only come about with the consent of a majority of the people in Northern Ireland.

Engineering union lauds German works bodies

By Robert Taylor, Labour Correspondent

BRITISH industry needs legally-based works councils on the German model, the AEEU engineering and electrical union has said in evidence to an inquiry into the future of unions by the House of Commons employment committee.

The union, the largest manufacturing union in the UK, said: "If more British companies are to be world-class, it is vital that unions become part of a wider progressive partnership. In Germany, unions play a constructive, leading role in the works council system and British unions would almost certainly do the same."

The AEEU praised the industrial relations systems in Germany, Japan and Sweden, arguing that countries with "the best long-term trading records in manufactured goods have well-developed employee representation systems".

The union points out that world-class companies, "unlike the British government", see good wages and conditions, together with a constructive dialogue with employee representatives, as "integral to corporate success".

Equal pay shake-up promised

By Robert Taylor, Labour Correspondent

THE GOVERNMENT has told the Equal Opportunities Commission it is ready to change the law to speed up the processing of cases on equal pay for work of equal value. There have been only 23 successful cases in the past 10 years.

The announcement came during talks between the commission and Department of Employment on ways of toughening equal pay laws. The EOC has also submitted this week a formal complaint to the European Commission over the government's alleged failure to implement the existing equal pay legislation.

Changes proposed by Mr

David Hunt, employment secretary, include requiring employers to cite one reason - and not many as at present - why there is a variation in an applicant's pay which is not due to difference of sex but another "material factor". Companies have been accused of using delaying tactics by citing many reasons.

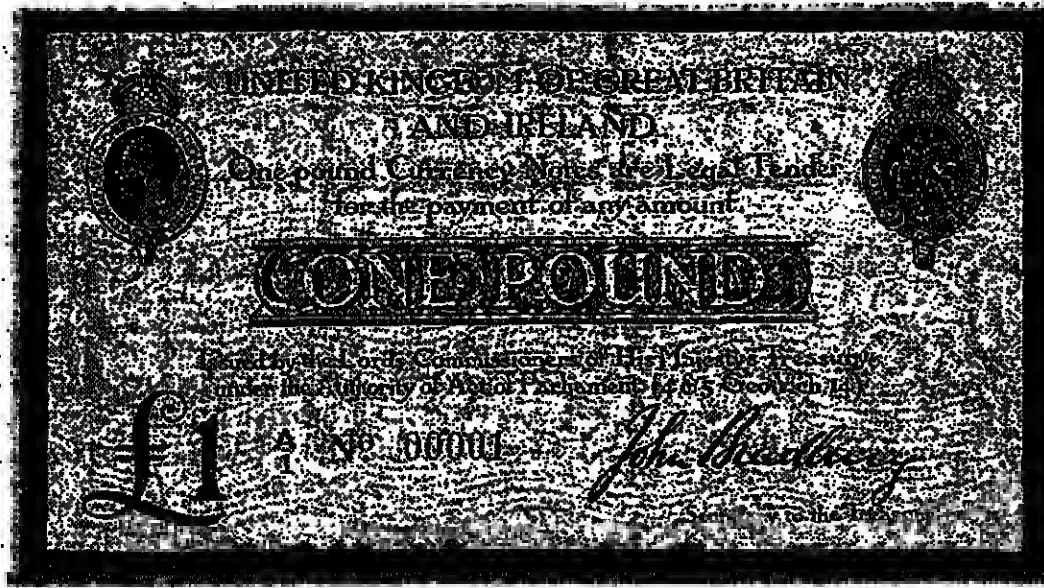
Mr Hunt has rejected as "unacceptable" some other commission demands and that has strengthened its determination to push ahead with its complaint to the EC.

● The government's new guidance on the Transfer of Undertakings (Public Employees) regulations will allow local authorities to "drive a coach and horses" through competi-

tive tendering rules, it was claimed yesterday. Where Tupe applies, a successful bidder must take over the workforce on existing terms and conditions.

Under proposed guidelines, if a local authority has legal advice that Tupe applies but the bid assumes that it does not, the contractor should be invited to reconsider the bid. If the contractor refuses to revise a bid, the authority can reject it even if it is the cheapest.

Mr John Hall, director-general of the Business Services Association, said: "The uncertainty of the law at present is such that... an authority could obtain a legal opinion one way or the other - and use this to reject competitive bids."



The £10,000 £1 note

The first note of the new £1 currency issued by the Treasury on October 23, 1914 goes on sale at Sotheby's today. The note (shown left, actual size) is estimated to be worth between £5,000 and £10,000. If a collector had held the note since 1914 and it fetched £10,000, he would have achieved an annualised rate of return of 12.4%. It is thought that the note may have been kept by the personal property of David Lloyd George, then Chancellor of the Exchequer.

Britain in brief



Tours chief says theatres are 'arrogant'

The "arrogant attitude" of London theatres is costing them bookings from overseas visitors, said Mr Stuart Crouch, chairman of the British Incoming Tour Operators' Association.

He said many companies bringing tourists to the UK had stopped selling theatre tickets because of the difficulties they experienced.

These included theatres marking up ticket prices by as much as 10 per cent when bookings were made through telephone sales and credit card transactions. "What sort of message are we giving to clients and government legislators attempting to outlaw the worst practices of ticket touts if theatre managements are charging additional fees over and above the face value of the ticket?" Mr Crouch asked.

He spoke as the national heritage department issued figures showing that tourist numbers in the UK and spending by tourists rose to record levels in the first seven months of the year.

The number of visitors to the UK rose 3 per cent to 10.6m in the year to the end of July, and spending was up 12 per cent to £4.7bn. Spending in July totalled £1.1bn, 21 per cent higher than in July last year.

Mr Iain Sproat, national heritage minister, said the figures provided "further evidence that the United Kingdom is an attractive and affordable place to visit".

Crime up at petrol stations

Measures to make petrol stations more congenial to customers have also made them more attractive to criminals, said Mr Stuart Howell, chairman of the British Oil Industry Service Station Security Committee.

"The level of business is up, the amount of money kept on the premises is up and they have extended the range of goods they carry," he explained. "The fact that many are open 24 hours a day also poses problems."

A survey of owners of petrol stations showed a big increase in petty crimes such as stealing goods and leaving without paying for petrol. Mr Howell said a prepayment scheme being studied in Manchester might be extended.

Secrecy on sales to Iraq

A senior Ministry of Defence official yesterday gave details to the Scott inquiry - investigating UK sales of arms to Iraq - of a previously highly secretive Whitehall committee which was set up to control intelligence on sensitive defence exports to Iraq.

According to documents made available to the Scott inquiry, the committee handled highly sensitive informa-

tion relating to defence exports that the inquiry wishes to see.

Mr Ian McDonald, head of the MoD's Defence Exports Services Secretariat, was asked what he knew about the Restricted Enforcement Unit which was set up in 1987 to supervise intelligence flowing between government departments.

"We thought it would be a good idea to have a small group of people who knew each other, who had worked with each other, and who could share information without letting it spread," Mr McDonald told the inquiry.

The unit - drawn from Customs and Excise, and members of MI5 and its sister intelligence agency SIS - consisted of 15 to 20 people.

Formation of companies rises

Hopes that the recovery is becoming better established have been bolstered by a sharp rise in registrations of new companies throughout the UK apart from Northern Ireland.

On the basis of the figures for the year so far, 1993 is likely to see the sharpest rise in company starts since 1987 according to Jordans, a Bristol-based business information company.

Registrations in the third quarter were up 8.4 per cent on the corresponding period last year. In the period between January and the end of September, starts were 6.1 per cent higher than the same time 12 months ago. The data apply to the UK outside Northern Ireland.

Scots 'lack dynamism'

SCOTTISH Enterprise, the development body for Scotland, yesterday launched a strategy aimed at improving the poor rate at which Scotland generates new businesses.

The initiative, in which banks, finance houses and other organisations are already involved, is the brain-child of Mr Crawford Beveridge, Scottish Enterprise's chief executive. He has been perplexed by the lack of dynamism of Scots in their home country compared with those abroad, since returning to Scotland from Sun Microsystems in the US.

Between 1978 and 1990, Scotland created 77 new companies employing more than 50 people per one million of population, compared with 86 in the English west Midlands and 116 in south-east England.

Loans group is reprimanded

THE Securities and Investments Board, the City's chief regulatory watchdog, yesterday reprimanded North of England Building Society for failing to ensure that its independent financial advisers sold suitable products to clients. The societies are savings-and-loan institutions which provide much of the UK's housing finance.

The rebuke was the first such reprimand by the SIB against one of the 77 firms it regulates directly. North of England said it may have to pay compensation to up to half the 2,000 customers it has advised since 1987.



Some look at the global marketplace and see complexity.



CHASE understands the complexities your company

faces as you raise, invest, move and manage capital in this global marketplace.

Unfamiliar economies. Volatile markets. Complicated, changing tax laws. Seemingly endless choices of financial

instruments. Not to mention the dynamics of your own particular industry.

At Chase, we turn those complexities into opportunities.

We work to understand your unique situation. Then bring together the right team from our network in nearly 50

countries—product specialists, professionals with an in-depth knowledge of your industry, and those with experience in the countries involved.

Drawing upon our state-of-the-art technology and capability to raise capital and serve investors in private and

Athens Barcelona Brussels Dublin Edinburgh Frankfurt Geneva Istanbul Jersey Lisbon

Issued and approved by The Chase Manhattan Bank, N.A., a member of SIF.

BRITISH engineering unions have welcomed the decision by the German government to allow foreign workers to join their unions. The unions say the move will help to improve working conditions and safety for all workers in Germany. They also hope it will lead to a more harmonious relationship between the two countries' labour forces.

Dealers accuse Ford of 'distorting' market

By Kevin Done,
Motor Industry Correspondent

FORD came under heavy attack from the leading UK car dealer association yesterday for "distorting" the true state of the market, as figures were released showing that UK new car sales jumped by 11.7 per cent in September.

In one of the most outspoken attacks ever launched by retail dealers against the car manufacturers, Mr Alan Pulham, director of the National Franchised Dealers Association, said that "the continuing practice by Ford of forcing registrations distorts the true market situation and has an adverse effect on prices and residual values".

The association represents dealers selling about 80 per cent of all new cars in the UK and includes most Ford dealers among its membership.

Retailers are increasingly concerned that the strong rise in registrations could mislead the government "into thinking that the car sales revival is more substantial than it in fact is. The autumn Budget must not increase taxes - such a move would severely damage our fragile revival," said Mr

SHARES OF UK CAR MARKET (%)

September	1992	1993
All UK produced	45.7	49.8
All imports	54.3	50.2
Japanese makes	13.1	14.2
Ford group	21.6	18.8
General Motors	15.1	15.9
Fiat	10.1	14.4
Peugeot group	12.0	10.8
Volkswagen group	6.2	8.1
Renault	3.6	5.2

* Includes Jaguar. ** Includes Vauxhall and Saab.
Source: Society of Motor Manufacturers and Traders

Pulham. The increase in sales of new cars in September followed the 17.8 per cent jump year-on-year in registrations in August, the key new car sales month, which accounts for almost a quarter of annual sales.

According to figures released yesterday by the Society of Motor Manufacturers and Traders, new car registrations in September rose by 11.7 per cent to 136,100 from 121,823 in the same month a year ago.

New car registrations in the first nine months of the year rose by 11.8 per cent to 1,450,717 from 1,287,423 in the corresponding period. Ford, UK market leader,

reacted angrily to the attack from the retail dealers. "We flatly deny that Ford has taken any action to distort the market," the company said. "The surge in registrations at the end of September is nothing unusual. The late strengthening of the market at the end of the month is a common feature in the UK market."

Most leading manufacturers had dealer and customer incentive programmes in place in the third quarter, said Ford, and many of these programmes finished at the end of September.

The franchised dealers association, which is part of the Retail Motor Industry Federation, said pre-registering cars before the vehicles had actually been sold was "a major problem forcing reality into the market".

Despite Ford's denials Mr Pulham alleged: "Ford, and its dealers under Ford direction, are pre-registering cars rather than selling and registering at the same time. Theoretically the two events should be linked. Unfortunately, success is judged by market share. If you wish to promote your market share you increase your registrations but not necessarily your sales on the same day."

Potential bidders warn of threat to rail sell-off

By Rachel Johnson

POTENTIAL railway franchisers argued yesterday that government plans to hive off most of the 2,500 stations owned by British Rail, the state-owned national network, could make privatisation commercially unviable.

Mr John MacGregor, the transport secretary, announced on Tuesday that he intended to lease the "vast majority" of stations to franchised train operators, with only 13 mainline stations in the UK's biggest cities being offered to independent operators on leases of up to 125 years.

But potential bidders and transport analysts expressed doubts that any other stations apart from the "big 13" would be anything but a liability.

Mr Jim Steer of the transport analysts Steer Davies Gleave said that the stations could be a "huge liability" for the franchisers. "They would be tempted to run them down," he said.

Mr Brian Kerslake, the group commercial director of West Midlands Travel, said he thought only the large stations would present opportunities for profit.

Mercury wins £13m government deal

By Andrew Adonis

MERCURY Communications, the main competitor to British Telecommunications in the UK, has won the contract to manage the government's long distance telecommunications network.

The network, tendered as part of the government's contracting-out programme, is one of the largest private telecoms networks in the UK, serving about 250,000 officials in 550 government offices.

Mercury won the contract,

with revenue equivalent to £13.5m last year, against strong competition from Telstra, the Australian state-owned operator which recently gained a government licence to operate in the UK. Both BT and Sprint, the US carrier, withdrew from the competition at an early stage.

The deal, for five years from next April, is for services including telephone, video-conferencing and mobile communications. The government network links offices across the country as well as a range

of defence, health, education and security services institutions.

The contract is a significant outsourcing venture for Mercury, a subsidiary of the UK group Cable and Wireless. Its other large outsourcing contracts include Trustee Savings Bank, GEC and Sedgwick Group, the insurance brokers.

Mr Mike Harris, Mercury's chief executive, said: "Our understanding of government requirements, outsourcing expertise and breadth of communications services will

ensure that central government has access to the latest telecommunications solutions, offering value for money."

Mr Graham Markey, Telstra's UK director, said he believed Mercury had won the contract largely on price. "But we intend to look for other opportunities in the UK, and are keen to build up our off-shore business."

Telstra faces strong competition in Australia from Optus, a newly-licensed operator also part-owned by Cable & Wireless.

State aid for troubled EC airlines is opposed

By Paul Betts,
Aerospace Correspondent

THE CIVIL Aviation Authority, a regulatory agency, yesterday opposed calls for more state aid for financially-troubled European airlines.

Mr Christopher Chataway, authority chairman, said state subsidies were against the consumer's interest and threatened to undermine the European Commission's "open skies" policy.

A committee of EC experts is investigating the industry's problems, and is expected to make recommendations this year. The UK is fighting pro-

posals from countries including France and Belgium that EC funds should be used to assist airlines in the current recession.

Mr Chataway warned that more efficient unsubsidised airlines would be damaged if aid was given to less efficient airlines to help them increase market share.

Strict conditions and limitations should be introduced to ensure that any state support to an airline did not distort the longer-term future of EC aviation, he said. The effect of any aid should be strictly short-term, Mr Chataway added.



Lady Thatcher arriving in Blackpool yesterday: she refused to comment on the row over her memoirs, which have been leaked

Tories take tough stance on crime

By Kevin Brown,
Political Correspondent

THE CONSERVATIVE party conference yesterday gave enthusiastic backing to plans announced by supporters of Baroness Thatcher, the former prime minister, for a dual crackdown on criminals and social security claimants.

Civil liberties groups were outraged by the announcements, which included the abolition of the right to silence for suspects in criminal cases and tough action against benefits claims by European Community citizens.

Lady Thatcher, who arrived in Blackpool last night, refused to comment on the announcements or the continuing row over an unflattering description of Mr John Major, the prime minister, expected to be published in her memoirs later this month.

However, the conference debates demonstrated growing confidence among her supporters that Mr Major is being forced to move towards their position on important issues including Europe.

Cabinet supporters of Mr Major said the right had been encouraged to flex its muscles by a shift in the prime minister's rhetoric towards the Euro-sceptic views endorsed by many rightwing MPs.

Senior ministers said Mr Major's attempts to placate the right could backfire by prompting a rebellion by previously loyal MPs on the centre and left of the party.

The most striking rightwing intervention came from Mr Peter Lilley, social security secretary, who used his speech to launch an attack on EC social security rules.

Mr Lilley's attack on "benefits tourism" by EC citizens contained scarcely-coded attacks on EC institutions which won sustained applause from grass roots members.

Mr Michael Howard, home secretary, was also cheered for his promise to restore "people's freedom to walk safely on the streets and sleep safely in their homes".

Mr Howard announced a package of 27 law-and-order initiatives ranging from new powers to greater police powers and support for victims during court cases.

The package was widely regarded as a belated response to strong campaigning by Mr

MR PETER Lilley, social security secretary, won an enthusiastic reception by devoting much of his speech to cutting back on social security benefits for which non-UK citizens are eligible.

From next spring, housing benefit will no longer be available to foreign claimants and there are also plans to impose a residency qualification of some months on EC nationals claiming benefits in the UK.

The restriction on housing benefit is estimated to save £50m.

"We have all too many home-grown scroungers," Mr Lilley said. "But it's beyond the pale when foreigners come here expecting our handouts."

Curbing the availability of municipal housing was a better way of combating the breakdown of the family than changing the welfare system, he indicated.

In a populist speech, he highlighted spending on lone parents as one of the three fastest rising areas of social security spending.

Today Sir George Young, housing minister, is expected to announce a review of the legislation which imposes on councils an automatic duty to provide accommodation for people defined as "homeless".

Tony Blair, shadow home secretary, who has successfully undermined the Conservatives' traditional image as the party of law and order.

It was welcomed by the police federation and the Association of Chief Police Officers, which said it would "help redress the balance in favour of justice for victims, witnesses and the mass of law-abiding citizens."

Most attention centred on legal changes announced by Mr Howard which will allow prosecutors to draw attention to a defendant's refusal to answer police questions.

The change, which follows repeated demands from rank-and-file activists, was rejected by the Royal Commission on Criminal Justice, chaired by Lord Runciman.

Home Office officials said the move would not remove the presumption of innocence.

But Mr Roger Pannone, president of the Law Society, said it would shift the burden of proving guilt from the state to the defendant and upset the balance of the criminal justice system.

Our customers see opportunity.

public markets, the team builds the right solution for you.

This approach has earned us recognition in the industry, most recently from Euromoney magazine, in areas as diverse as project finance, global custody, emerging market debt, risk

management and local market expertise.

But more importantly, it has helped us bring our customers the ultimate opportunity: the opportunity to make their business ideas reality.

CHASE MANHATTAN.
PROFIT FROM THE EXPERIENCE.

EUROMONEY
1993 Awards for Excellence

Best Global Custodian

Best Underwriter of Emerging Market Debt

Best in Project Finance

Best Foreign Bank, Brazil

Best Foreign Bank, Spain

Best Foreign Bank, Turkey

Commendation for Excellence in Swaps

Commendation for Excellence in Foreign Exchange

London Luxembourg Madrid Manama Milan Moscow Paris Prague Rome Vienna

HOW IMAGINATION SAVED A BILLION DOLLAR COMPANY.

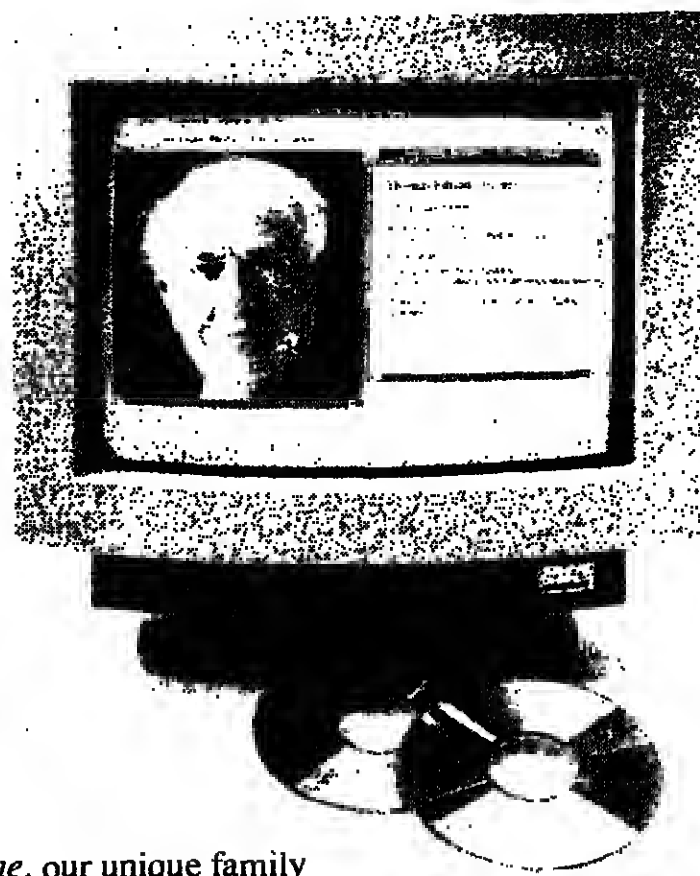
A year ago we were a company on the ropes. Today, a new Wang emerges from Chapter 11. Refocused, redefined and financially strong, with positive cash flow, virtually no debt, new products, new services and alliances with some of the most respected companies in the information industry.

IT IS WITH GREAT PLEASURE THAT HEWLETT PACKARD, NOVELL AND MICROSOFT ANNOUNCE THAT WANG IS BACK.

From our support of the Microsoft Windows desktop environment to Hewlett Packard's agreement to cooperatively market Wang's industry-leading imaging and office software on HP 9000 servers to the fact that we are a leader in adding software value to industry-standard networks, we're well-positioned for the information-intensive offices of today and tomorrow.

MEET THE SOFTWARE AND SERVICES THAT SAVED A BILLION DOLLAR COMPANY.

Today we're a brand new billion-dollar contender thanks to a lot of hard decisions and a solid one-two punch that came as much from imagination as it did from strength:



One, our unique family of integrated office software for open systems.



From software for rapid application development and the communication and management of complex documents to the *spectacular imaging software* the Computerworld Buyers' Survey has twice rated #1.

Two, our new open-minded approach to office solutions built on a combination of industry standard software and networks. From design through integration, installation and support, Wang provides the solutions that allow your departments and workgroups to work together, no matter what their choice of technology.

TRUE INNOVATORS NEVER DIE, THEY JUST REINVENT THEMSELVES.

We reinvented ourselves around products the imaging world applauds and an expertise forged in the fires of experience. With innovation and imagination we have created a brand new Wang. We have turned a company that practically invented word processing into a state-of-the-art software provider and advanced a company famous for its proprietary technology into the world of open, network-based office solutions. All while providing our current VS customers with the options and expertise to support their existing investments and help them transition to the world of open computing.

BACK BY POPULAR DEMAND.

Today we're a brand new \$1 billion company built on new products, expanded services and partnerships too good to let die. Now we want to put the expertise and imagination that solved our own tough problems to work for you. Imagination. It's a powerful tool. The proof of its power can be seen in one very simple fact: we're back.

CALL THE NEW WANG.

Call today and find out about the new and open Wang.
Europe (UK) 081-231-3000. U.S. 1-800 NEW-WANG.



WANG®
THE POWER OF IMAGINATION.

TECHNOLOGY

Motorists wanting to develop their left leg muscles should try out Fiat's Punto small car, to be launched in Italy, France and Germany - three of Europe's biggest car markets - in early November.

While most automobile makers, including Fiat itself, have been developing increasingly sophisticated automatic transmission technologies, especially for smaller models used for stop-start urban driving, Italy's leading car marque has come up with an interesting alternative.

The new Punto range, which is widely seen as being as crucial to Fiat's success as its predecessor, the Uno, was in the 1980s, includes models with a standard five-speed gearbox as well as an innovative continuously variable transmission, due next spring. But the company has also unveiled a novel six-speed gearchange on one the most basic and least powerful of its Puntos.

Six-speed boxes are nothing new. "Supercars" such as the Corvette Stingray and BMW's fast and luxurious 8-Series sports coupes already offer them to performance-minded drivers. More recently, six-speed transmissions have appeared on more modestly priced, but still potent, sports cars such as the most powerful version of Vauxhall/Opel's Calibra. In a matter of months, Fiat itself will be offering a six-speed transmission on a new, high-performance four-wheel drive version of its sporty Alfa Romeo 164 saloon.

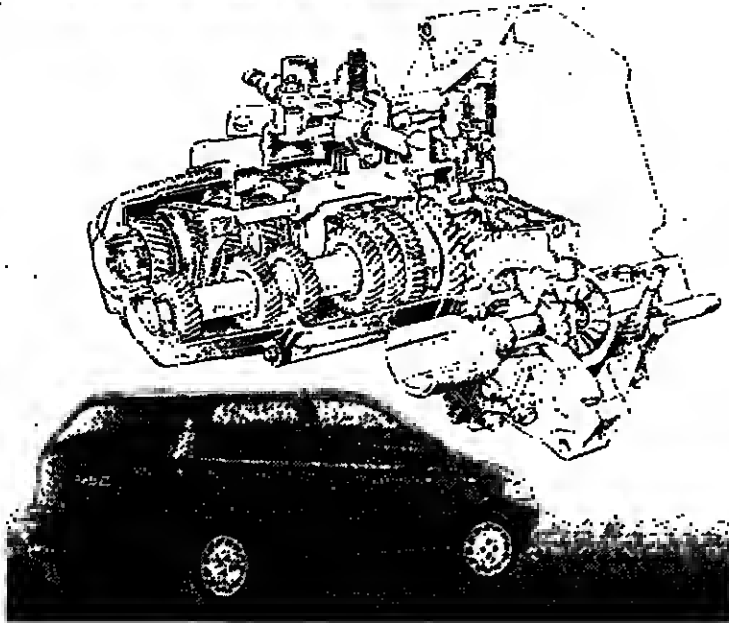
However, the relatively low sales volumes of the six-speed supercars mean the gearboxes have all been bought in from specialist manufacturers, usually Germany's Getrag, rather than being produced in-house by the car makers themselves.

The Punto marks the first time that a mass-market car will offer a manufacturer-built six-speed box. It will also be the first time a six-speed transmission has been used in a car with such a small engine. The Punto version involved has a 1100cc motor, developing just 55 hp (40 kw). In a car likely to be chosen

Fiat is bucking the trend with its Punto, a mass-market car with six speeds, writes Haig Simonian

Geared for economy

Punto: six-speed transmission



predominantly for city driving, where frequent gear changes are essential, what was the point?

Nicola Malara, head of gearbox development at Fiat's car subsidiary, explains. "We designed the six-speed box largely for young drivers, who may have only just passed

their driving test, but want to have the sense of fun associated with a bigger car. The six-speed Punto isn't a turbo or a car which goes terribly fast. It's more the feeling of a sports car."

The six-speed transmission is a marriage of marketing and technol-

ogy. A number of countries, such as Italy, limit the engine capacity of cars which can be driven by newly-qualified drivers. Even where there are no such restrictions, many prospective Punto buyers would not be able to afford higher-performance cars.

The six-speed transmission is intended to let drivers get the most out of the modestly powered engine by making them work harder themselves. "Its qualities are particularly evident in mixed-condition driving or going up hills, where the driver has a suitable gear ratio for every situation," according to Fiat.

Frequent use of the clutch may not put off many prospective buyers just making the transition from two to four wheels, reckons Malara. "For those used to driving 50cc or 125cc motor scooters, six gears are nothing new; manufacturers have used them for some time to maximise performance." And in Italy, where motor racing is almost a religion, the idea of frequent, snappy gear changes may appeal to sports-minded public. Malara thinks the model will also catch on in Germany and Spain, where drivers also value "performance motoring".

But Malara denies the six-speed box is just a gimmick to draw first-time drivers to the Punto. "The six-speed box, if used properly, will lower fuel consumption compared with the five-speed version." And although its appeal may seem limited at present, Fiat may offer the new transmission on other small models, such as a successor to the Lancia Y10, he hints.

Either way, the company should benefit. As the six-speed box was a spin-off from the new five-speed Punto gearbox, development costs were modest. The six-speed transmission is only slightly heavier and required only modest additional engineering, says Malara.

On the other hand, if the six-speed transmission catches on, the company will have stolen a march on its competitors, who may feel obliged to develop six-speed boxes of their own. "We'll be ahead, and theirs won't be a novelty any more," says Malara.

Watson is on the case

The growing number of students at Britain's universities are finding it more difficult to keep in touch with each other. The student unions at the universities of Brighton and Sussex are the first to try to combat the problem with pocket pagers.

From January, students at the two universities, both sited in Brighton, will be able to rent pagers to receive messages about student

union meetings, entertainment and information from local companies.

There will be messages broadcast to all students - which band is playing on Saturday night, say - and messages to members of particular clubs or societies. The pagers will also be used to carry individual messages.

Brighton was chosen as the first site for the service because the two colleges were trying to work

together, says Rosalind Macfarlane, marketing manager of Higher Education Communication (HEC), the service provider. Other universities will get Watson - derived from the expression "What's On" - in the 1994-95 academic year.

The Brighton students will be able to rent the alphanumeric pagers, which can carry messages of up to 96 characters, for £10 a term. Jeremy Oates, director of HEC,

says his aim is to make money out of the service, and to do that Watson will need one large sponsor - possibly a bank - and advertising from several local companies.

Oates also reckons that the cost of the pagers will have to be written off. "I believe we'll see the pagers go out, but I don't believe we'll see them come back."

Della Bradshaw

Copy-proof strip takes swipe at fraudsters

A specially coded magnetic channel on plastic cards should increase security, writes Michael Kenward

For his party trick, Simon Willcock will copy your credit cards. With a device twice the size of a mechanical card reader, he transfers the data on the magnetic strip from one card to another.

His box of tricks is made of perspex so that you can see it contains nothing more exotic than some tape-recorder heads and simple electronic circuits. With more sophisticated equipment, Willcock can show you just what data sits in the magnetic strip on your card. Mostly, it is a seemingly meaningless sequence of numbers and letters in three parallel "recording channels".

Willcock does not counterfeit cards for a living; he wipes clean any copies he makes with a powerful magnet. He does it to demonstrate the vulnerability of conventional credit cards.

The party trick is part of a demonstration put on by the Central Research Laboratory of Thorn EMI, where Willcock heads the magnetics division. CRL has a vested interest in raising doubts about the security of credit cards: it has developed a technology that it claims makes it impossible to duplicate cards.

The Watermark Magnetics technology - so-called because it leaves a permanent "fingerprint" and is as hard to copy as the watermark in paper - is a growing business for Thorn Secure Science International (TSI). As credit card fraud grows, more and more banks are turning to the company for its copy-proof magnetic strip.

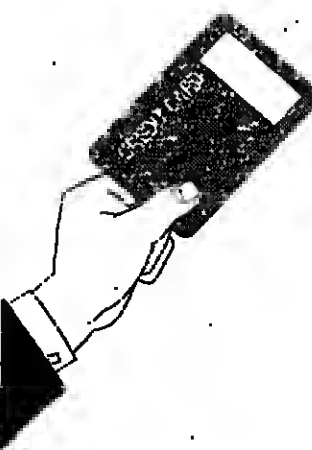
Since adopting Watermark in the mid-1980s, banks in Sweden have seen the disappearance of "phantom withdrawals" where money goes missing from an account, despite customers' claims that they did not use their cards.

TSI has just announced the first UK trial with standard Visa payment cards; this will involve 30,000 cardholders in the Northampton area. The Korean Phone Card Company has used Watermark since the Seoul Olympics in 1988.

CRL's technology also uses a magnetic strip, but one with a

fourth recording channel. This channel is different magnetically from the conventional recorded strips that make up the other three channels. It contains "hard" data that cannot be erased or copied. "Whatever you do, you can't get rid of it," says Willcock.

Watermark's fourth track carries data that is unique to each card. Just as a paper watermark is "written" into the fibres of the paper, so CRL's magnetic mark is embedded in the strip's "magnetic domains". Unlike the domains of a recording tape, which point along the tape, the domains in CRL's strip, its magnetic particles, are at 45 degrees to the tape.



The magnetic domains in one length of tape can point in one of two directions, with some particles pointing one way, while others in other stretches of the tape are at 90 degrees to them. A specially designed tape reader can detect where the strip goes from one direction to the other. By arranging these short stretches in a predetermined way, the tape-maker is effectively creating a special pattern that shows up as a unique sequence of numbers and letters. From its production plant in Swindon, TSI delivers to its customers tapes with an agreed security sequence. The card-maker then prints the strip on to a plastic card.

By checking for the watermark, an automated cash machine can confirm that the card is present. With a conventional credit card there is always some doubt about this. The user's personal identification number (Pin) is supposed to verify this, but with cards so easy to copy, customers can argue that a transaction had nothing to do with their card.

While credit cards are an important market for CRL's technology, it has also found a role in security systems. The Ministry of Defence already employs it in its Central Headquarters Office Technology System. Before gaining access to the MOD's electronic mail, users have to insert their "Watermarked" cards. And those cards have to stay in place throughout the session.

A further use is in pre-paid cards, for phone calls and transport systems, for example. Here the risk of duplication is considerable, as it is in cards used for gaming machines. Australian casinos have adopted Watermark cards for this application.

If Watermark technology is so secure, why has it not caught on? After all, it adds just a few pence to the cost of a card. The true costs of adopting a new technology are those of changing business systems, in installing new reading machines and registering the issue and numbers of magnetically protected cards. Financial institutions issue more than a billion cards each year for financial transactions alone.

On the other side of the balance sheet, fraud is a growing problem for banks. They are looking for ways of reducing their losses. Alternatives to Watermark's "hard strip" include "smart cards" with electronic chips that hold large amounts of data. While smart cards can also reduce fraud, Thorn EMI maintains that they are no more secure than its magnetic strip, and are considerably dearer.

The company forecasts a growing demand for its system. It has issued magnetic strips for more than 500m cards, and now makes about 70m a year.

OUR MANAGEMENT TEAM



TO RECEIVE A FREE BROCHURE OUTLINING CANON'S CAREING, NURSING PHILOSOPHY, CONTACT:
CANON EUROPE N.V., P.O. BOX 2262, 1180 EG AMSTERDAM, THE NETHERLANDS.

Canon
A PLEASURE TO WORK WITH

MANAGEMENT MEANS MORE THAN JUST COPING WITH DAY TO DAY BUSINESS. THAT'S WHY OUR MANAGEMENT TEAM KEEPS A SHARP

EYE ON THE FUTURE. AFTER ALL, OUR DECISIONS TODAY AFFECT TOMORROW'S WORLD. DECISIONS ON WHICH INNOVATIVE BUSINESS PRODUCTS WILL PROVE TO BE MOST USEFUL TO SOCIETY. WHICH MANUFACTURING PROCESSES WILL HELP PROTECT THE ENVIRONMENT. WHICH AREAS OF RESEARCH WILL RESULT IN A MORE PROSPEROUS LIFESTYLE FOR LOCAL COMMUNITIES. WE'VE ALREADY MADE A PROMISING START. WITH MORE ECO-FRIENDLY OFFICE EQUIPMENT. THE DEVELOPMENT OF HEALTHIER COMPUTER DISPLAYS. AND CARTRIDGE RECYCLING. BUT WE'VE STILL GOT A LONG WAY TO GO. EVERY STEP HELPS.

SO, TOGETHER, LET'S CARE.

Ken Loach's *Raining Stones* is a comedy about misery: something the English do better than anyone else. Perhaps it is the weather. Perhaps it is Britain's post-imperial national mood: all that lost pride swirling around like poison. Or perhaps it is just the British ability to keep getting turned down for the Olympics.

In scene one, somewhere near Manchester, the hero Bob (Bruce Jones) is limbering up for his own unique athletic event, sheep-stealing. Bob is an unemployed forty-something failing to make ends meet. His friend Tommy is the dumpy, bespectacled ideas-man (Ricky Tomlinson) of the famous *Riff Raff* bath scene who helps him urge the piece of live mutton into Bob's van. Then, having transformed it into choice cuts off-screen, the two men hawk it around the local pub. Only problem: while they are doing so Bob's uninsured van is stolen from the pub car park.

Thus begins the breezy catalogue of disasters. In a Ken Loach film the following truths are self-evident. Few men have any money, few men have a job, and if a Loach hero followed Norman Tebbit's advice to get "on his bike" he would promptly have his bike stolen. *Raining Stones* is scripted by former Loach collaborator and *Play For Today* veteran Jim Allen, who must have been asked to report to the set with three jokes per page. The hero's misfortunes are horribly funny, except in one scene when they are simply, searingly horrible.

(A moneylender barges into his home to terrorise his wife: "Take the rings off!" he says, addressing her knife-threatened fingers.) Mostly, Loach and Allen let comedy do the business both cautionary and caustic. Since Bob is a born loser whose empty head fills up with the first predatory propaganda to come along, he is a semi-devout Catholic. He wants to buy his daughter a communion dress (cost £115) and this indignity of pride and purity must be acquired by any means, however shameful or impure. From rustling sheep over his advances to stealing turves at the Conservative Bowling Club, cleaning out the drains at the church and coaxing his wife into reluctant seamstress work (Sba handles a sewing-machine much as a dog handles a bicycle).

Bruce Jones, his face like a wounded crossant, makes Bob's mixture of dimness, obstinacy and sweet nature irresistible. His communion lessons to daughter are a masterclass in daffy scholarship: "It takes a piece of bread and 'tells it up to 'is mate'." It is his summary of Our Lord's activities at the Last Supper. And when the daughter later shows who is the real moral boss by lending Dad a much-needed tenner, he promptly bursts into tears after she has left the room.

The movie gets tough when it is time to Bob. He is involved in a violent death, and for a few bizarre but persuasive minutes the film is possessed by the dark spirit of urban



An irresistible catalogue of disasters: Bruce Jones and Ricky Tomlinson in Ken Loach's *Raining Stones*

Cinema/Nigel Andrews

Simply horribly funny

RAINING STONES (15)

Ken Loach

THE YOUNG AMERICANS (18)

Danny Cannon

HARD BOILED (18)

John Woo

tendency to say "How was your flight?" Instead of "Siddown" or "Whaddya wannaknow?"

Not that this politeness lasts long. Soon Keitel is being stroked by East End disco, threatened by cockney crime barons and gnawed by anxiety when he steps in a young apprentice supergrass (Craig Kelly) to grab incriminating evidence on the suspected Mr Big (Viggo Mortensen).

The British writer-director is Danny Cannon, a National Film School graduate. He smoothes the film in high-concept gloom as if still doing his second-year school exercise. "How to make a film noir without cutting off all the lighting sources." There are dark streets strafed by backlighting; dark basement homes illuminated by a single grungy window; dark, flicker-lit dance clubs where a

hundred extras trip the light epileptic.

What there is not, amid the acres of moody style, is a compelling story. Narrative momentum is constantly sabotaged by Cannon's wish to pile in as many subplots as possible to please the American market he seems to be aiming for. Here an interracial love affair (Kelly's with his black girlfriend), there a crumbling marriage (Keitel's with his end-of-phone wife), somewhere else the wit and wisdom of a veteran "godfather" (Terence Rigby). No wonder the two best-known UK actors hugging the top of the cast list - Iain Glen, John Wood - have time for about four lines each of true-Brit dialogue before vanishing into the gloom and confusion along with everything else.

The Hong Kong action film *Hard Boiled* has no fears about losing its characters. Its set aim is to dispose of them all as fast and spectacularly as possible. The checklist of weapons includes: knives, handguns, submachine guns, rocket-launchers, electric cables, crashing ceilings, burning hospitals and intercontinental ballistic dialogue. (Exclamatory Chinese interspersed with sudden spasms

of B-movie American).

If all this does not take care of the arms-running gangsters who have attracted the adverse attention of our hero, Inspector Yuen, nicknamed "Tequila" (Chen Yun-Fat), there is always Yuen's undercover ally Tony (Tony Leung). He has startling powers of survival. Shoot him, beat him up, stab him, electrify him and he still comes back smiling and firing.

The man responsible for this insanity is writer-director John Woo. You have to admire his effrontery as one hard-to-top shoot-out is topped by another, and as the violence itself is finally topped by an outbreak of high-kitsch sentimentality in the newborn babies' ward. As mayhem bursts around them, the tots are scrupulously rescued by "Tequila" and his girlfriend (Teresa Mo). Our hero even takes the trouble to stuff the babies' ears with cotton wool and to avert their eyes ("Hey! X-rated action!") whenever his gun-hand comes into play. *Hard Boiled* is 100 minutes of movie violence redeemed by its total remoteness from real life: unless we are to take the date in which Woo's story is set - 1997 - as an earnest prediction of life in Hong Kong after that fateful changeover.

problem there, too: it is notoriously difficult to keep an organist and a choir or orchestra together when they are at opposite ends of the hall. The only answer will be to have the audience facing the other way.

These initial impressions will no doubt be enlarged, modified, possibly contradicted, as the solo recitals get underway, led by Preston, Gillian Weir and Daniel Chorzempa. A big additional attraction will be the novelty of the video screen, which allows the audience to watch the organist at work in close-up, though the players themselves may not like it. No cheating will be possible in those tricky pedal solos at St John's.

Organ recitals this month will be on October 14 and 28 (evenings), 15 and 29 (lunchtimes)

Concert/Richard Fairman

A bizarre inauguration for St John's new organ

known, was inaugurated with a gala concert on Tuesday. In several ways it was a bizarre affair, if an enjoyable one. There was no standard organ solo on the programme, but we did get Ruggero Raimondi, who turned up to sing an Italian song with piano lasting all of two minutes. Meanwhile, the audience was seated with its back to the star of the evening.

Those who turned round will have been impressed with what they saw. The familiar 18th-century organ case has been retained,

extended where necessary in the same style, and restored, its pipes gleaming silver, the overall picture a splendid enhancement to an elegantly Baroque hall. The German builder Johannes Klais of Bonn was put in charge of producing the new instrument and has come up with a fine, varied, authoritative organ sound.

Varied is the key word these days. A new organ has to do duty for the whole repertoire, whether it be Bach or Messiaen, the grand French romantics or Baroque preludes and fugues. Simon

Preston, the organist for the gala evening, chose to show off its prowess in unusual music - a triumphal march by Francaix to start, a riotous set of variations on "God Save the Queen" by Charles Ives, some Tournemire and a dazzling showpiece by Joseph Bonnet.

Even after all those, the organ seemed to have new sounds to spare. It can unleash plenty of volume as well - too much for Poulenc's Organ Concerto, when it dwarfed the orchestra, at least from where I was sitting. Another

Theatre/Malcolm Rutherford

The Piano Lesson

The second half of August Wilson's *The Piano Lesson* is so good that one immediately forgives a rather laborious first act. The last 15 minutes are so dramatically clever that even the most seasoned play-goer is unlikely to foresee the ending. Twice I guessed wrong.

When the gun is barely concealed in the lady's dress, I thought there would be a shooting, probably fatal. When the shooting was diverted by a drunken entrance stage right and the drunk proceeded to play the piano that is at the centre of the play, one wondered, knowing that the three hours were almost up, what on earth could happen next.

As it turns out, divine intervention. Yet as the preacher exorcises the house and the piano, it is a reasonable assumption that the instrument which has been so rooted to the floor that not even grown men can move it, will become suddenly lighter. That does not happen either. Wilson's *Piano Lesson* ends happily, even sentimentally.

Sentimentality, however, is no longer the dominant note, as it was in his play *Fences* which was shown in London three years ago. Wilson is a black American playwright who writes mainly about blacks and has won most of the American theatre prizes. The evidence of *The Piano Lesson* suggests that he is up with the best, alongside Tennessee Williams, Arthur Miller and David Mamet.

It is Pittsburgh 1936, then not a bad place for blacks to live and compared with the American south. At least there are jobs and prospects. One of the residents of the house works on the railways, enjoys wearing his uniform and travelling across the states. The widowed Berniece takes a pride in owning the house, working and

bringing up her daughter who might go in for teaching.

The problem is a mixture of the piano and the arrival of relations from the south, notably the Boy Willie. Willie is the brother of Berniece. He wants to sell the piano - a hugely ornate affair, though an upright - in order to buy land back home. Berniece resists: the piano is the most prized possession that the family, such as it is, has ever had. In the past it had been exchanged for 1½ niggers: one grown-up, one child. Wilson takes too long to set out the background. Yet, once it is established, there are some masterly scenes. Berniece, played by Cecilia Noble, is a very attractive and intelligent woman. She is not madly keen on coming out of her widowhood to marry the preacher Avery (Danny John-Jules), but comes tantalisingly close in the middle of the night, when much of the action takes place, to falling for one of her brother's friends.

This friend is called Lymon. He is not very bright and takes a childish delight in being sold a white silk three-piece suit with silk handkerchief and white and brown two-tone shoes to match. He buys a perfume which he is told is worn by the Queen of France, then gives it to Berniece.

In the marvellous second act, there are other felicities, not least in the twists and turns of the plot. There is also feeling. The play is directed by Paulette Randall and designed by Penny Mitchell. If you cut the first act by 30 minutes, it would be the highest professionalism all round.

Tricycle Theatre, London NW6, until October 31. (071) 328 1000



Some masterly scenes: Lennie James, Cecilia Noble and Marion Joseph in August Wilson's play

INTERNATIONAL ARTS GUIDE

ATHENS

Megaron Concert Hall Tomorrow. Sat: La Camerata presents a programme of baroque flute concertos and Benda's melodrama *Ariadne auf Naxos*. Oct 11, 13, 15: Ivan Fischer conducts Michael Harpe's staging of *Idomeneo*. Oct 12, 13, 16, 17, 18: Limon Dance Company. Oct 16, 17: Budapest Festival Orchestra (01-728 2333/01-722 5511)

FLORENCE

MaggioDanza presents a programme of Tchaikovsky ballets at Teatro Verdi on Oct 14, 15, 16, 17 (055-212320)

BARCELONA

Gran Teatre del Liceu Tonight, tomorrow, next Mon, Wed, Fri and Sun: Uva Mund conducts Willy Decker's 1991 Cologne production of *Der fliegende Holländer*, with changing casts including Franz Grundheber and Wolfgang Schöne as the Dutchman and Lisbeth

Balev as Santa. Oct 27: first night of *Fedora* (tel 412 3532 fax 412 1198). Oct 21 at Palau de la Musica: Kiri ta Kanawa (301 6943)

BOLOGNA

Teatro Comunale Tomorrow and Sat: Pinchas Steinberg conducts orchestral works by Ravel and Tchaikovsky, with piano soloist Michele Campanella. Next week's concerts are conducted by Claus Peter Flor. The opera season opens on Nov 27 with Puccini's *Trittico* (Siglietta, Ente Autonomo Teatro Comunale di Bologna, Largo Respighi 1, 40126 Bologna. No telephone bookings accepted. For information, call 051-523999)

LONDON

THEATRE
● Tamburline the Great: Antony Sher plays Tamburline, the shepherd whose remorseless ambition takes him to the height of power. Marlowe's masterpiece of lyrical storytelling transfers to London in Terry Hands' RSC production, after a sell-out season in Stratford. Previews from tonight, opens next Thurs (Barbican 071-638 8891)
● All a Wall That Ends Well: revival of Peter Hall's RSC production of Shakespeare's play mixing the harsh realities of war with the harmony of country life. Now in previews, opens on Tues (The Pit 071-638 8891)
● Mischina: Fiona Shaw stars in Sophia Treadwell's 1928 classic of the American avant-garde, about a woman who tries to break free

from the pressures of a mechanistic world. Directed by Stephen Daldry in the Lyttelton. Previews from Sat, opens Oct 15 (National 071-928 2252)

● David Hare Trilogy: a three-part examination of major British institutions, presented in the Olivier Theatre by a single company of actors directed by Richard Eyre. The Absence of War, Mummuring Judges and Racing Demon can be seen individually - or all on the same day on Oct 9, 23, 30 and Nov 13, 20 (National 071-928 2252)
● Flight Bulgakov's drama of the Russian civil war, described through the eyes of a survivor in a style both hallucinatory and blackly humorous. Translated by Michael Glenny, directed by David Graham-Young. Opens next Wed (Lyric Hammersmith Studio 081-741 2911)

● Carousel: West End transfer of Nicholas Hytner's award-winning National Theatre production of the Rodgers and Hammerstein musical (Shaftesbury 071-379 5399)
OPERA
Covent Garden The main event this week is the premiere tomorrow of Graham Vick's new production of *Die Meistersinger von Nürnberg*, conducted by Bernard Haitink and designed by Richard Hudson, with a cast led by John Tomlinson, Thomas Allen, Greta Vindbergh, Deon van der Walt, Nancy Gustafson and Anna Howells (repeated Oct 13, 16, Nov 4, 8, 13). Marilyn Horne bids farewell to the Royal Opera tonight in her final performance of *L'elisire d'amore*. Madama Butterfly can be seen on Sat, and repertory later this month includes revivals of *Mitridate* and

Yevgeny Oregin, and a Royal Ballet mixed bill (071-240 1068)
Coliseum English National Opera's repertory this month consists of a new production of *La bohème* conducted by Stan Edwards/Noel Davies and staged by Steven Pimlott, with Roberto Alexander and Rosalind Sutherland alternating as Mimì (next Tuesday's performance is a royal gala); *The Rape of Lucretia* staged by Graham Vick and conducted by David Parry, with Jean Rigby in the title role; and Jonathan Miller's production of *Il barbiere di Siviglia*, with Alan Opie as Figaro (071-838 3161)

Sadler's Wells Final performances of Glyndebourne Touring Opera's London season are Siegfried Matthäus' *Rilke* opera tonight and Sat, and Don Giovanni tomorrow (071-278 8918)
Queen Elizabeth Hall Tonight: Mendenhall Opera presents two operas associated with the Czech wartime ghetto of Terezin - Hans Krasa's *Brundibar* and Viktor Ullmann's *The Emperor of Atlantis*. Next Tues and Wed: Batshava Dance Company (071-928 8800)
CONCERTS
South Bank Centre Tonight: Marek Janowski conducts RPO in works by Mozart, Rachmaninov and Beethoven, with piano soloist Hélène Grimaud. Tomorrow: Nicolai Gedda is tenor soloist with London Mozart Players conducted by Matthias Bamert. Tomorrow (QEII) and next Tues: Andrew Davis conducts BBCSO in Stravinsky/Strauss series. Sat: Montserrat Caballé. Sat (QEII): Ton Kocman conducts Amsterdam Baroque Orchestra. Sun: Leonard Slatkin conducts Philharmonia Orchestra in Walton, Haydn and

Elgar, with violin soloist Pinchas Zukerman. Sun (QEII): Josef Suk and Nash Ensemble play Dvorak, Smetana and Martinu. Next Wed and Sat: Franz Waeber-Möet conducts LPO in concert performances of Tristan und Isolde, with Heinz Kruse and Elizabeth Connell (071-928 8800)
Barbican Tonight: Ion Marin conducts London Symphony Orchestra in Rimsky-Korsakov, Bottesini, Stravinsky and Ravel. Tomorrow: John Lubbock conducts New Queen's Hall Orchestra in Pary, Brahms and Elgar. Sat: Juan Martin's flamenco dance company. Sun afternoon: Stephen Kovacevich piano recital. Sun evening: Richard Hickox conducts LSO in European premiere of new work by Marvin Hamlisch. Mon and Wed: Libor Pesek conducts Chamber Orchestra of Europe in two programmes, including works by Kodaly, Strauss, Mahler and Dvorak. Tues: Stephanie Gonley directs ECO, with cello soloist Steven Isserlis (071-638 8891)

MADRID

Teatro Lirico La Zarzuela José Serrano's zarzuela *La Canción del Olvido*, staged by Pier Luigi Pizzi, can be seen tonight, tomorrow, Sat and Sun. Jonathan Miller's ENO production of *Rigoletto* is given a single performance on Oct 18. Martha Graham Dance Company heads a two-month dance season, starting on Oct 27 (01-428 8225)

PRAGUE

Wolfgang Nelson conducts Prague Symphony Orchestra next

Tues and Wed at Smetana Hall in works by Tchaikovsky, Schubert and Beethoven, with piano soloist Jan Simon (02-232 2501)

● The next Czech Philharmonic concerts at Dvorak Hall take place next Thurs and Fri, and are conducted by Alexander Rahbari (02-286 0111)
● For pre-booking and information about other events, contact city centre ticket agencies (Sluna, Wenceslas Square 28 in the passage, tel 02-261802, or Bohemia, Na Příkopě 16, tel 02-228738, or Melantrich, Wenceslas Square 38 in the passage, tel 02-228714) and theatre box offices. Tickets can be ordered from abroad through Bohemia Ticket International, Salvatorska 6, 11000 Prague 1 (fax 02-231 2271)

ROME

Teatro Olimpico Mon: Sviatoslav Richter (06-320 1752)

WEXFORD

For this year's festival (Oct 14-31), artistic director Elaine Padmore has come up with a classic Wexford trio of unjustly neglected or forgotten operas, with six performances of each: Tchaikovsky's beautiful *Cherivichki* (The Tsarina's Slippers); Pajsiello's *Il barbiere di Siviglia*; and Zampa. Herold's once-popular 19th century opera-comique. A full concert schedule gives prominence to Wexford's young singers. Tickets from Theatre Royal, High Street, Wexford, Republic of Ireland (053-2214)

ARTS GUIDE

Monday: Berlin, New York and Paris.
Tuesday: Austria, Belgium, Netherlands, Switzerland, Chicago, Washington.
Wednesday: France, Germany, Scandinavia.
Thursday: Italy, Spain, Athens, London, Prague.
Friday: Exhibitions Guide.

European Cable and Satellite Business TV (All times are Central European Time)

MONDAY TO THURSDAY
Super Channel: European Business Today 0730: 2230
Monday Super Channel: West of Moscow 1230.
Super Channel: Financial Times Reports 0630
Wednesday Super Channel: Financial Times Reports 2130
Thursday Sky News: Financial Times Reports 2030; 0130
Friday Super Channel: European Business Today 0730: 2230
Sky News: Financial Times Reports 0530
Saturday Super Channel: Financial Times Reports 0530
Sky News: West of Moscow 1130: 2230
Sunday Super Channel: West of Moscow 1830
Super Channel: Financial Times Reports 1900
Sky News: West of Moscow 0230: 0530
Sky News: Financial Times Reports 1330: 2030

From bare beginning to family fortunes



BOOK REVIEW

The Warburgs were a wonderfully talented and creative lot. Paul, a partner in the US investment house of Kuhn Loeb, provided an original blueprint for the US Federal Reserve. Aby's work on iconography left a lasting mark on art history and, courtesy of the Nazis, on London, which acquired the Warburg Institute. Siegmund, founder of SG Warburg, did more than any other individual to revive the fortunes of the City of London in the postwar period.

Members of the family were also around - and were heavily scarred, financially and psychologically - when many of the great historical upheavals of the 20th century took place. The Hamburg-based bank, M M Warburg, whose Jewish partners were fierce German nationalists, lost most of its capital in the first world war and its name in the second; Max Warburg served on the German reparations delegation at Versailles and was subsequently exiled in Nazi propaganda for a settlement that he did not support.

Jimmy of the New York Warburgs advised, then fell out with, FDR at the time of the New Deal. It was he who invented the phrase "soak the rich" and on whose Connecticut farm George Gershwin wrote much of *Porgy and Bess* while conducting a passionate affair with Jimmy's wife. Max and Siegmund played a courageous role in extracting Jews from Germany, with support from the rest of the family in Scandinavia and the US. Felix, who spent years as a senior partner at Kuhn Loeb without pretending to know much about banking, was the pre-eminent American Jewish philanthropist of his day.

All in all, a marvelous subject for a multiple biography. Yet this door-stopping volume by Ron Chernow makes an off-putting start to the job. He is not helped, admittedly, by a blurb writer who accuses him of laying bare "the whole stormy, heart wrenching history of Jews and Germans in the 20th century" - a singularly tasteless way to talk

THE WARBURGS - The 20th-century odyssey of a remarkable Jewish family
By Ron Chernow
Random House, \$30, 820 pages

about the Holocaust. But the real problem is that the book is infuriatingly reticent on how the Warburgs came by their wealth and eminence in banking.

The bare outlines of the story are that the family started as money changers and pawnbrokers in the Westphalian town of Warburg in the 16th century. From this they graduated into trade finance in the Hanseatic port of Hamburg.

In the late 19th century they invaded Wall Street by marrying into one of the most powerful private banks in Germany. We are not told how the bank made the transition from trade finance to the domestic investment banking that left it vulnerable to the aftermath of the 1929 crash. Nor again, of how, apart from force of personality, the partners of Kuhn Loeb made the fortunes they so ostentatiously displayed. In contrast, we are presented with very precise details of how many diamonds and rubies Warburg daughters are given on marriage, a great deal about the furnishings of their houses and exact numbers for the surrounding acreages.

Happily, the book is saved in the end by the unbeatable quality of the story. The plight of the German Jews, the most heavily assimilated in Europe, is revealingly portrayed through the fortunes of the Warburgs, whose sense of loyalty to their country made it difficult to leave. The banks' Jewish partners were hounded from company boards and forced to sell M M Warburg to non-Jewish members of the staff for a song, leading to a

contentious change of name to Brinckmann, Wirtz.

Max, meantime, placed too much trust in the slippery Dr Hjalmar Schacht, head of the Reichsbank, in his attempts to make deals for the lives and property of members of the Jewish community. There were moral and tactical dilemmas everywhere, not least over how to confront Nazi propaganda without providing ammunition to the anti-Semites who attributed Germany's woes to an international conspiracy wrought by Jewish bankers. Although Chernow raises questions about some of the actions of Max towards fellow Jews, it is a tale that commands sympathy and respect.

The book also comes to life when it reaches Siegmund Warburg. Here Chernow tackles the business issues in more detail and the great dramas of Siegmund's life - the contested takeover of British Aluminium, the attempt to shake up Kuhn Loeb and the power struggle to put the Warburg name back into Brinckmann, Wirtz - are rendered to good effect.

It is a warts-and-all portrait, including details of a covert romance with the ballerina Alexandra Danilova and speculation that Siegmund and Theodor Dreifuss, a Swiss graphologist and psychologist, were lovers.

Whatever the truth of these particular matters, Chernow's suggestion that Siegmund sent all letters of congratulation on his knighthood to Dreifuss seems wholly plausible. He was, in today's vernacular, a control freak, and would have delighted in putting Dreifuss's analysis to future use.

The paradox of Siegmund is that, for all his inventiveness, he failed time and again to get the big strategic moves right. The initial postwar assault on Brinckmann, Wirtz was bungled through family feuding. By alienating American members of his family, he forfeited the chance to control Kuhn Loeb. Links with A G Becker in the US and Paribas in France went nowhere. But in his inimitable way, he was undeniably a great banker. That much shines through an otherwise unflattering portrait.

John Plender

Private investment in large public sector projects such as new roads and railways is seen by UK ministers as the big idea for the 1990s, as significant as privatisation was for the 1980s.

Later this morning, Mr Kenneth Clarke, the chancellor, will tell the Conservative party conference of his determination to sweep away obstacles to involving private finance in public projects. In addition to reducing the burden on the exchequer, he will say, private sector involvement introduces fresh thinking and a more commercial approach into public sector investment.

Yet a report published today by the Chartered Institute of Transport says that efforts to attract private investment into transport projects are doomed to fail unless the government adopts a new approach.

The authors, who include builders, financiers and transport consultants, say private sector companies see little hope of a reasonable return on financing transport projects under Treasury rules for such projects.

"The government's approach simply won't work," according to Professor Tony Ridley, chairman of the group that produced the report. "My fear is the Treasury has simply invented a new mechanism for proving all sorts of infrastructure projects can't be financed."

The government's plans for involving private capital go beyond transport projects. Ministers responsible for the health service, education, urban development and the prison service are all searching for innovative ways to use the private sector to provide for needs traditionally met by the public sector.

But the biggest impact could be made in transport. While much of the transport department's £3bn annual capital budget goes into road and rail schemes, there is a large backlog of desirable projects that the taxpayer cannot finance. These include most of the £20bn roads programme published in 1989, the modernisation of British Rail lines such as the west coast line between London and Glasgow, and urban light rail projects.

According to the institute's report, only a handful of private finance projects have got off the ground. Most have been bridges such as the Dartford bridge across the Thames which can be completely financed in the private sector using tolls for repayments.

Big ideas that may bridge the gap

John Willman on suggestions to smooth the UK private sector's involvement in public projects



However, the number of such projects is limited - mainly to estuarial crossings where users will pay tolls to save themselves a lengthy detour. If private finance is to be more widely used for infrastructure, the report says, it must be drawn into projects which cannot be wholly financed in the private sector.

That means joint ventures or co-investment, in which the government contributes either some or most of the finance with the rest being raised privately. The return for the private sector partner will come from payments made for using the new road or railway. These may be raised through tolls, track charges, fares or perhaps even shadow tolling - a payment from the transport department for each vehicle that uses a new road.

Treasury rules make such joint ventures hard to establish, according to Prof Ridley, because of an unwillingness to recognise that the private sector has a choice about where it invests. Potential investors in transport projects want the risk and uncertainty to be no greater than on alternative investments such as power stations or new industrial plant.

Yet transport projects have characteristics that increase

risk and uncertainty. Roads and railways are fixed assets, and particularly vulnerable to errors in forecasting demand. Demand cannot be tested with small experiments, only by completing the project. And since use builds up over the years, the new road or line is not immediately used at full capacity.

"Roads are the type of infrastructure to which the private sector can bring least added value," says Mr Roger Sainsbury, a director of John Mowlem, the construction com-

"The state should eliminate some risk before it hands a project to the private sector"

pany, who has worked on several transport projects. "The success or failure of a road is largely outside the control of the operator, and depends more on factors such as economic performance."

These characteristics mean that the payback period for the initial investment is both uncertain and lengthy. Project cash flows are likely to show low debt coverage ratios and

little hope of dividends in the early years.

To these inherent uncertainties in transport projects must be added the risks created by the political pressures around new roads and railway lines and the delays created by the planning process. Yet the Treasury appears to want the private sector to assume all these risks and uncertainties, says Prof Ridley.

"Total risk transfer scares everyone away," he says. "The government will frighten off the private sector if it is too ideological about private finance."

The public sector's contribution to joint ventures might be lower if the government takes responsibility for some of the elements of risk which it can most easily control, according to Mr Richard Haycocks, a partner in the corporate finance department of Ernst & Young, the accountants. He says that the government needs to act as the promoter of infrastructure schemes, rather than putting the whole process out to tender and accepting the lowest bid.

"Unlike the private sector, the government has skills in road and rail planning," he says. "It also has the power to reduce risks without signifi-

cant detriment to the public interest - for example by guaranteeing that no competing project will be built for a specified period."

The government should also be prepared to consider some element of indemnity, he says. For example it could underwrite a new toll road by guaranteeing a minimum level of toll income if use falls considerably below estimates during the first few years.

In return, the cost of private sector participation could fall significantly, according to Mr Sainsbury.

"It would be better for the taxpayer if the government carried the ball part of the way and eliminated some of the risks before handing it over to the private sector," he says. "Ministers must recognise that there is an optimum point at which risk can be transferred."

A further element of uncertainty is introduced by the government's reluctance to commit itself to transport projects, says Prof Ridley.

"Companies that devote resources to putting together their bids find that the project does not go ahead because none of the bids is high enough to bridge the gap between what the government is prepared to contribute and the total cost," he says.

This creates a no-prize competition which makes companies unwilling to bid.

"Contractors are prepared to lose competitions, but not if everybody loses. It would be far better to decide to go ahead with a project and then find the private sector partner best able to make a contribution."

Mr Haycocks agrees. He says that the government needs to identify two or three projects that it will fund as necessary and take them forward to the point where private sector finance can be raised.

Meanwhile, the chancellor should bear in mind the advice of Mowlem's Mr Sainsbury. If the government is serious about the private finance initiative, it must address the private sector's principal concerns: is there a project worth bidding for and is there a chance of winning it.

"Ministers can write the rules and mark out the pitch," he says. "But if the private sector doesn't want to play, the game won't happen."

Transport Infrastructure: Mobilising Private Investment. Chartered Institute of Transport, 30 Portland Place, London W1N 4DP.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Measures of pension solvency

From Mr Roy B. Colbran.

Sir, It seems premature for David Parsons (Letters, October 6) and others to say the Goode committee's proposals on solvency are unworkable. Equally, those who suggest that any problems can be solved by all the pension funds in the country purchasing derivatives, in what would become a one-way market, may not really have thought through the issues.

Goode has suggested a solvency test based on leaving service transfer values. The actuarial profession would be required to tighten up its guidelines on calculation of those values. Surely any such guidelines must allow for a market level adjustment if the bottom falls out of the equity market. The simply has to be a mechanism to prevent the position where virtually all UK final-salary schemes suddenly could be technically insolvent.

Of more concern is the proposal that solvency for pensioners should be measured by the price of huying annuities. A surprisingly large number of pension funds have already guaranteed increases at the lesser of 5 per cent or the rise in prices. There is no investment available to match that liability and mature funds with a high proportion of pensioners may well face problems if that solvency standard is adopted. Roy B. Colbran, chief actuary, Buck Consultants, 10 Buckingham Place, London SW1E 6HT.

A fifth possibility for the ERM

From Mr Julian Tapp

Sir, In your editorial "Way ahead for the ERM" (September 27), you suggested that there were only four intellectually defensible possibilities for the ERM. There is a fifth possibility that deserves a mention: to define the currency bands in real as opposed to nominal terms, making the adjustment on a monthly basis according to an appropriately defined current inflation differential.

Such a system would produce a convergence in real, as opposed to nominal, interest

rates and would encourage counter-cyclical monetary policy rather than the tendency of the current system to act pro-cyclically. Exchange rate adjustments would be small, frequent, relatively predictable and immune from political interference. High inflation countries would not be able to use the system as an anti-inflationary anchor and would be forced to address structural factors that gave rise to their problem. Large misalignments would be avoided and the threat of discontinuity that

speculative pressures render self-fulfilling would be avoided.

Attention would be focused on expected rates of inflation (and differentials) and would bolster commitment to inflation targets. Monetary union would come about as the result of a convergence in inflation rates rather than the misguided attempt to force a reversal of this process.

Julian Tapp, group economist, British Aerospace, Farnborough Aerospace Centre, Farnborough, Hants

Public service pay figures

From Mr John Sheldon.

Sir, The table that accompanied your report of the New Earnings Survey figures ("Pay rises faster in public sector", October 1) provided a misleading picture of pay increases for civil servants. Executive officers, and, if repeated in the other examples, may explain the apparently contradictory evidence of public sector pay movements.

Executive officers are shown to have received a pay increase of 5.2 per cent "in spite of the fact that many key public-sector groups had been affected by the government's 1.5 per cent pay limit when the pay data were compiled".

The reason for this apparent discrepancy is that the pay data are compiled in April each year, and in both years in question, the settlements were delayed. Therefore the comparison reflects the pay settlement in 1992. It is also distorted by compensation payments,

required by law, made when the system of service-related annual increments was abolished.

Information gathered by the Office of Manpower Economics as part of our pay agreement showed that far from pay rising faster in the public sector, civil servants suffered compared with the private sector in 1991 and 1992.

The office's data would have shown it in 1993, only the government prevented publication in order to save itself further embarrassment.

On top of that, the chancellor now wants to make public servants the scapegoats for the failings of the government's economic policy, with extensive privatisation and a further year's wage freeze. It is an explosive cocktail. John Sheldon, general secretary, NUCPS, 124-130 Southwark Street, London SE1 0TU

Dance clips

From Ms Joan Kunsch.

Sir, For a couple of years I have been receiving the clipped columns of your dance reviewer, Clement Crisp. They are first read in Hols, Norway, then they fly to Torrington, a small Connecticut city which is the home of the Nutmeg Ballet, a training ground for students of classical ballet. From here the columns make their way to my colleagues: to designers, an author, a sculptor, musicians and others.

These dance reviews breathe with the liveliness of sharp-eyed observation and show a formidable background of knowledge and experience, a superb communicative zest and a combination of wit and truth. Bravo to Clement Crisp and to the publication that presents him.

Joan Kunsch, associate director, Nutmeg Ballet, 21 Waller Street, Torrington, Ct 06790, US

Direct sales of goods and services to Israel not subject to boycott

From Mr Andrew Stone.

Sir, Your recent article ("A wait for hidden fruit", September 20) predicting the demise of the Arab economic boycott of Israel is timely and can only be helpful to British exporters. They continue to be concerned about adverse reaction from customers in Arab states who still might be applying aspects of the boycott to their trade in Israel.

Nevertheless, your blank phrase "companies are supposed to certify to Arab countries that they have no dealings with Israel" may continue

to reinforce the perception of an all-encompassing boycott.

Our understanding, supported by the recent Department of Trade and Industry guidelines, is that direct sales of goods and services to Israel are not subject to any complications.

This is apparent in the remarkable British trade record with Israel. With its small land mass and 5m population, Israel is in the top 30 of UK customers worldwide. Exports from the UK to Israel could reach £700m if this year's

trend of a 50 per cent increase in the first seven months continues. This is for visible exports only and excludes the considerable business in financial services and tourism despite the pervasive psychological pressure of the boycott.

The DTI and our trade advisory group can offer confidential advice to companies with residual concerns.

For many hundreds of successful British exporters, the Israel market is already an important and successful one. The \$60m gross domestic product contrasts starkly with

Jordan's GDP of \$4bn.

Hopefully, the West Bank and Gaza will now have the opportunity to develop economically, too, giving benefits to its inhabitants and hopefully bringing peace and tranquillity to the region. As an important trading partner, Britain, through its world-famous exporting companies, can help this process.

Andrew Stone, chairman, British Overseas Trade Group for Israel, 14/15 Redmarston Street, London W1H 3FV

FINANCIAL TIMES CONFERENCES

INTERNATIONAL PACKAGING AND THE ENVIRONMENT

London - 18 & 19 OCTOBER, 1993

The Financial Times second conference on the international packaging industry will look at the implications of legislation and the opportunities and problems facing the industry and its customers. Co-operation in the packaging chain, whether recycling or incineration is the way forward will be examined, as well as the opportunities for new uses of resources.

Speakers include:

The Rt Hon John Gummer MP Secretary of State for the Environment	Mr Clemens Stroetmann Federal Ministry for the Environment, Nature Conservation & Nuclear Safety, Germany
Mr Hans Alders Ministry of Housing, Physical Planning & the Environment, The Netherlands	Mr Yannis Paleokrassas EEC
Mr Thierry Marraud St Gobain Group	Mr Colin J Williams SCA Packaging Business Group
Mr Dermot F Smurfit Jefferson Smurfit Group	Mr Matthias K Miranda Frantschach AG
Mr Walter Brinkmann Coca-Cola International	Mr Andrew Somogyi FEVE
Mr William Seddon-Brown Waste Management International	Mr John Chamberlin Iggesund Paperboard (Workington) Ltd
Mr Michael C Coe Lever Brothers Limited	Mr Amédée Chomel Groupement National des Hypermarchés

INTERNATIONAL PACKAGING AND THE ENVIRONMENT

Financial Times Conference Organisation
102-108 Clerkenwell Road, London EC1M 5SA
Tel: 071-814 9778. Tlx: 27347 FTCONF G.
Fax: 071-873 3975/3969

Name Mr/Ms/Ms/Other _____ Dept _____
Position _____
Company/Organisation _____
Address _____
City _____
Post Code _____ Country _____
Tel _____ Tlx _____
Type of Business _____ Fax _____

☐ Please send me conference details
☐ Please send me details about marketing opportunities

FINANCIAL TIMES CONFERENCES

FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL
Tel: 071-873 3000 Telex: 922186 Fax: 071-407 5700

Thursday October 7 1993

Irish manoeuvres

MR JOHN Hume, leader of the SDLP - the non-violent part of the nationalist movement in Northern Ireland - visits Dublin today to give the Irish government a full account of the bilateral talks he has been holding since April with Mr. Gerry Adams of Sinn Féin (which represents the violent part), as well as a reaction from Washington where he has been sounding out his friends in the US Congress. The announcement 10 days ago that these talks had reached some kind of conclusion worth reporting to the Irish government has reawakened public interest in that most elusive of political goals, a peaceful settlement of the Northern Irish conflict. The precise content of the report remains private, but its purpose is clear: to devise a political process which would lead to the abandonment by the IRA of their armed struggle, and thereby to bring both strands of nationalism to the negotiating table.

Almost simultaneously, it became known the British and Irish governments were jointly drafting a constitutional settlement, to present this to the parties in the province before the end of the year, in which the Irish government would indicate a willingness to modify its constitutional claim to jurisdiction over Northern Ireland to an "aspiration". To what extent the two events are linked is unclear, but the sudden publicity given to the second may well have resulted from anxiety in London to minimise the potential fall-out from the first. The British government has enough difficulty fending off the intense suspicion felt by Ulster Unionists about its contacts with Dublin. It knows that that suspicion is liable to become quite unmanageable if it appears at the same time to be negotiating, even indirectly, with the IRA.

Intense sensitivities

Sir Patrick Mayhew, Britain's Northern Ireland secretary, hurriedly confirmed there would be "no change whatever" in the province's constitutional status without the consent of its people. But he has neither condemned Mr Hume's talks with Sinn Féin, nor ruled out considering their outcome.

If these events signify that a peaceful settlement may indeed be

moving, however tentatively, within reach, they also highlight the intense sensitivities on all sides to any perceived deviation from established political traditions in dealing with the Northern Ireland issue.

The Irish government, under pressure from Britain to alter articles two and three of the republic's constitution (those which lay claim to sovereignty over the whole island), can only do this by referendum, but fears a reuff from the electorate if a change on such a delicate issue is not part of "an overall and balanced settlement". The premature disclosure of the latest Anglo-Irish talks could increase this risk, by making it sound as though Dublin is covertly plotting a deal in which the republic would be expected to give something for nothing.

Ringing endorsements

Dublin's anger and embarrassment at the disclosure is to be expected and perhaps explains the ringing endorsements of Mr Hume by no less than four Irish cabinet ministers including the Taoiseach, Mr Albert Reynolds himself. Mr Reynolds has asked the Unionists to "suspend judgment" on the Hume-Adams talks until it becomes clear what the substance of their joint proposals is.

The Unionists are unlikely to hold their breath for long however, especially if the IRA continues with its bomb outrages, as it has done over the past week. Until there is, at least, an effective ceasefire, the idea of Mr Reynolds and Mr Hume considering peace proposals from Sinn Féin will simply reinforce the Unionist belief that all nationalists are the same under the skin, whatever their public statements about violence.

The Irish government, too, has it in its power to improve the atmosphere. It could do so by admitting publicly what many Irish politicians will say in private, namely that far from aspiring, let alone claiming, to govern the north, they regard any such prospect with trepidation. A statement to that effect would both give a clearer lead to public opinion in the republic - most of which would probably be more relieved than angered - and offer much-needed reassurance to the anxious majority in the north.

Ageism in the workplace

AGE DISCRIMINATION is rife throughout the European Community. That is the conclusion of a report published this year as part of the European Year of Older People, the most recent by the pressure group Eurlink Age. Top of its list of villainies is the practice of targeting employees over 50 for redundancy and retirement programmes. Also criticised are job advertisements specifying that candidates must be "below a certain age" - sometimes as young as 35.

The current interest in age discrimination is welcome. It will not only unfairly curtail individuals but also become increasingly economically wasteful, as Europe's population ages. Older people capable of contributing to society may instead become a burden.

The Eurlink report blames older people's restricted employment opportunities largely on discriminatory attitudes. Too many employers believe that old people are not up to the job. There is also a widespread belief that older people's jobs are more expendable than young people's. Although some people lose their ability and enthusiasm to work in their 50s, it is unfair to lump all older people into that category. Moreover, the idea that old people's jobs are more expendable than young people's rests on the assumption that economies have a fixed amount of work which must be rationed. This is fallacious, because in the long run more workers create more wealth which in turn creates more jobs. If people are fit, productive and want to work, age should be no bar. Instead of standard retirement ages, people should be free to agree with their employers when to retire according to their personal circumstances.

Declining industries

But discriminatory attitudes are not the only, or even the main, factor restricting older people's working opportunities. Take the sharp decline in employment rates among males aged 55-64 in most European Community countries during the 1980s. In the UK the rate fell by 12.3 percentage points, in Spain by 14.8 points and in France by 21.6 points.

Part of the explanation is that

older people are being targeted for redundancy, but there are other reasons. Older workers are disproportionately concentrated in declining industries such as steel, mining and textiles. Meanwhile, many higher-paid workers are only too glad to retire early. Provided they do so willingly, this trend should be welcomed rather than resisted.

Even where older people are forced out of work against their will, it is often simplistic to point at discriminatory attitudes. Is it credible that companies are sacking masses of productive workers out of prejudice? A more plausible explanation is that institutional arrangements give them an artificial incentive to do so.

Cheaper youngsters

One such arrangement is the seniority system, under which older employees are commonly paid more than younger workers. As a result, it is often financially rational for companies to retire older staff and replace them with cheaper youngsters. This incentive is compounded by the structure of many company pension schemes, which require employers to fund greater entitlements for older workers. The fact that such pay-offs can often be financed tax-free makes them all the more attractive to employers.

Pension schemes can undermine opportunities for older people in other ways too. If pensions are based on final salaries, employees have a strong disincentive to move to part-time work as they get older even if they would prefer phased retirement to a sudden exit from the workforce. Phased retirement is also deterred by rules in some countries that prevent people drawing pensions while working.

An assault on age discrimination should certainly aim to change attitudes. But it is doubtful that altering attitudes on its own would substantially expand older people's job opportunities unless companies also had a financial interest in employing them. The best way of achieving that is through institutional changes such as making pension and retirement arrangements more flexible. This is where governments, companies and unions should focus their efforts.

Japan is beginning to realise that its economic problems might run deeper than it had earlier imagined.

This is not like other recessions. Until now, Japan's postwar economic slowdowns were caused mainly by external shocks, such as the 1973 oil crisis or the rise in the value of the yen sparked by the 1985 Plaza accord to curb the appreciation of the dollar.

It was as if, in previous slowdowns, the economy had broken an arm, argues a senior executive at a leading Japanese securities house. The pain was intense, but the body remained healthy enough to ensure a quick recovery.

This time, though, the economy has a circulatory disorder, caused both by external shocks and internal weakness, he says. A cure will therefore be harder to find and convalescence will take longer than in the past.

A look at some of the latest indicators supports this diagnosis. Gross national product shrank by an annualised 2 per cent in the second quarter of this year. GNP in the current quarter is probably in decline too, which means Japan has slipped from an economic downturn into full recession.

Most private-sector economists believe growth for the full year will be less than 1 per cent, the fourth year running in which the pace of growth has slackened. The previous occasion GNP faltered, in 1982, the economy recovered smartly in the following year. This time, recovery will come at the earliest in the second half of the year to March, according to official forecasts. Some private-sector economists believe recovery could be as far as a year away.

Last week, the government reported a 2 per cent annualised fall in industrial output for August, down for the 23rd consecutive month, the longest decline on record. Inventories of unsold stocks continued to rise, by 0.7 per cent, the fourth monthly increase in a row.

The jobs market shows no sign of pulling out of a two-year slide, illustrated by a fall in the number of jobs on offer to 70 per 100 applicants in August, from 72 in July, according to the Labour Ministry.

Consumer confidence remains weak, with a 4.2 per cent decline in department store sales in August, the 15th month of decline, says the Ministry of International Trade and Industry.

Companies will cut capital investment for the fourth year running in 1994, according to the Long Term Credit Bank of Japan, raising worries that industry's capacity to respond to an upturn in demand will be diminished.

The external pressures at work on the economy are well-known. The yen's more than 20 per cent rise

Japan's recession is exposing widespread structural problems in the economy, says William Dawkins

Truly, widely and deeply

against the dollar this year has saddled corporate Japan with heavy foreign exchange losses, ¥1,000bn this year for the car industry alone, estimates Mr Yuichi Nakamura, president of Mitsubishi, the electronics goods and car group.

On top of this, industry faces a downturn in demand at home and in most of its main export markets, even in fast-developing China. The weakness of the domestic economy means demand for imports is sluggish, with the result that the trade surplus continues to rise, so pushing the yen higher.

As if that were not enough, evidence is mounting that the recession has uncovered structural problems in the economy that had been hidden by the steep rise in asset values that came to such an abrupt halt three years ago.

The new coalition government of Mr Morihiro Hosokawa has recognised this and done almost everything it can to stimulate growth. That includes deregulation measures, a ¥5.150bn package of infrastructure spending and business loans. The Bank of Japan has helped with a three-quarter percentage point cut in official interest rates to a new low of 1.75 per cent.

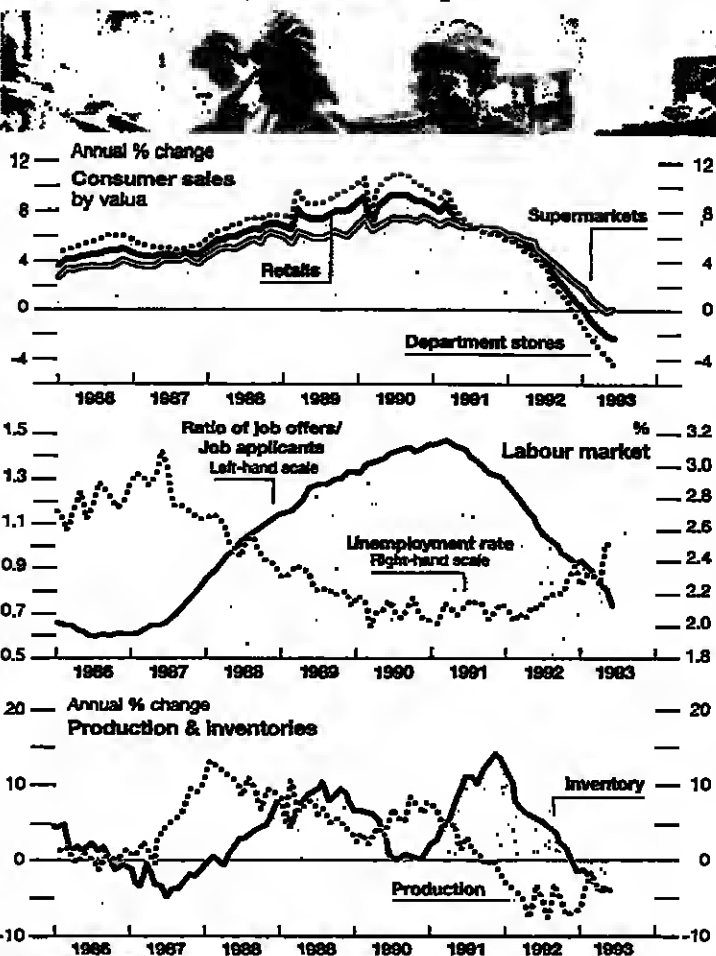
The only thing Mr Hosokawa has not yet been able to do is to respond to corporate pressure for a cut in income tax, seen as a vital stimulus to depressed consumer spending. On the question of income tax cuts, the fragile coalition is deadlocked. The Social Democratic party, the largest coalition member, has refused to accept a rise in sales tax to fund any cut in income tax, which is seen as essential by most of its government partners and the powerful Ministry of Finance.

A compromise could emerge by the end of the year in the shape of an immediate income tax cut, to be funded by a rise in sales taxes in two years.

Corporate Japan's recognition of its structural weaknesses is evident in the speed with which it has acted to cut capacity, by contrast with previous short downturns, when many companies preserved capacity and continued to invest in hope of better times.

The reduced capacity has brought a wave of job cuts, unprecedented in postwar times. This has provoked

Japan's economy: no clear way out



widespread fears that corporate Japan's tradition of jobs for life will break down. "The time of employment insecurity has come," warns a recent headline in the Asahi Shinbun, a daily newspaper.

Cost-cutting by companies entered a new phase last month when NTT, the telecommunications group and a pillar of the industrial establishment, announced that it wanted to shed 10,000 staff, through voluntary retirement, by next year.

As expected, NTT's move further undermined the "jobs for life" ethos and encouraged others to follow. Toshiba is to cut 5,000 jobs, Honda 3,000, and Kawasaki Steel 3,200.

Most of these job losses will take place over three to five years.

So far, Japanese companies have managed to avoid making widespread redundancies, relying instead on natural wastage. This has helped keep the unemployment rate steady at 2.5 per cent in August, but this figure excludes the variously estimated 800,000-1.2m employees who are surplus to companies' needs but are still kept on the payroll. How much longer they can be kept on the payroll is uncertain.

The job market's weakness is a

symptom of wider change in the industrial economy, as reflected by the continued shift of manufacturing capacity out of Japan to cheaper locations in south-east Asia.

Japanese companies' decision to relocate manufacturing to low-cost sites overseas is a response to the rise in the value of the yen and the long-term general pressure on costs as their markets mature. This trend, strongest in the consumer electronics and car industries, clearly cannot be reversed once the domestic economy recovers.

These developments have fuelled a debate on which new industry, if any, will provide the fresh engine of growth to compensate for the maturity of the consumer electronics and car sectors. Japan's postwar success in planning shifts in industrial dominance from textiles to shipping, then to cars and electronics, is being put to a fresh test. Planners at Miti and at a special government panel are working overtime on this question. There are no clear answers yet.

Another structural weakness revealed by Japan's recession is the sclerotic state of the banking system. Banks are still scarred by the collapse in asset prices that came with the start of the downturn. This left banks with heavy bad debts, in some cases worryingly concentrated with a handful of top customers. A sharp decline in new lending which began three years ago shows no signs of easing.

Officially, bad debts account for 3 per cent of the leading banks' loans, though the proportion rises to nearly 10 per cent if the more stringent US definition of what constitutes a bad loan is applied, says Ms Alicia Ogawa, investment analyst at Salomon Brothers Asia, the securities house.

The economic consequence of all these structural problems - the surplus workforce, the industrial economy's maturity and the banking system's weakness - is to diminish Japan's future growth potential.

When consumer and corporate confidence does recover, probably some time in the second half of next year, Japan will settle down to an average annual growth rate of 2.5 per cent-3 per cent, compared with 3.5 per cent-4 per cent in the 1980s, forecasts Mr Peter Tasker, chief strategist at securities house Kleinwort Benson in Tokyo.

Most economists agree with him. So do Japanese companies, as reflected by their cuts in capital investment and capacity. Whether they have cut too much is questionable. But one thing is certain, Japan will emerge from recession to face unprecedented challenges to the economic priorities that have assured its success for the past 30 years.

Recipe for revival

Nicholas Lander on signs of hope for UK restaurants

empty restaurants to busy has surprised many chefs. When Martin Lamer opened Ransome's Dock in Battersea, south London, a year ago, his sights were set on "my hope was merely to survive, to break even during 1993. But when the 12 shareholders who financed my restaurant under a Business Expansion Scheme met last week for our first anniversary dinner, it was to celebrate a small profit."

This type of establishment - family-run, seating 40-50 customers, and open six and a half days a week - has been the most successful in adapting to today's economy. Restaurants are now expected to provide good value lunches, even for corporate clients, and more sophisticated dinners - potentially more profitable, but not too expensive for those living nearby. Restaurant overheads today are too high to allow for any empty tables.

So many restaurants have been able to adapt so quickly - although many outside city centres are still struggling - because of the restaur-

ant industry's structure. Although the headlines and column inches are invariably grabbed by London's Kensington Palace, the Ivy and Planet Hollywood (which has created 350 jobs and will achieve a turnover in excess of £15m in its first year, serving more than 3,000 customers a day), most restaurants are small businesses. They are not the "mom and pop" affairs of yesterday, but professional businesses run by husbands and wives or, more successfully perhaps, by two or three partners who share the burden of a business open 18 hours a day, seven days a week, and then go their respective ways home.

Since January, several different developments have allowed restaurants to feel optimistic, and enabled many restaurants to open. The first was the state of newspapered restaurant promotions, initiated by the FT's Lunch for a Fiver, which filled restaurants during the normally quiet first quarter of the year. This taught restaurant owners a lesson in arithmetic - lower

prices mixed with higher volume can be a recipe for success.

Having survived the first quarter, restaurateurs had an unexpected bonus - a wet spring and summer. When the sun shined, restaurant bookings slumped, but this year barbecues and picnics did not seem to be inviting alternatives. According to Judy Markwick, of Markwick's restaurant in Bristol: "Every month has been better than the previous one since January, and the summer was wonderful. We have learnt the importance of price, too. Our two-course menu is down from £14.50 to £10.50 this year but overall turnover is up 30-40 per cent."

The continuing fall in the property market has also helped, by restricting rises in every restaurant's major fixed cost, the rent. It has also prompted landlords to offer rent-free periods of six to nine months, allowing several restaurants, such as the Big Night Out in north London, to open on sites considered previously uneconomic. One potential restaurant site in the City,

10,000 sq ft on the ground floor of a new development near Liverpool Street, was recently offered with the first year rent free.

This development, together with the government's legislation splitting the brewing industry from its tied houses, has given the opportunity to many chefs, formerly employed in restaurants or hotels, to open their own restaurants in what were once public houses. The quality of the food now being served at the Eagle, the Gloucester and the French Dining Room in London, for example, may set a trend for good, unpretentious food at reasonable prices.

The fact that Christmas bookings are already running at a much higher level than last year adds to the sense of optimism. But before December, the best trading month of the year, there is an obstacle to be negotiated: the November Budget. Rises in value-added tax and indirect taxes would immediately lead to higher restaurant bills.

Many UK restaurateurs have survived the recession by cutting costs and reducing prices - bringing them more in line with those elsewhere in Europe and the US. A sprinkling of economic pragmatism should also enable them to cope with whatever the Budget brings.

If the chips are down

Hong Kong's political class being long of lawyers and terribly short of characters, Chim Pui Chung, the local legislature's representative for the financial and insurance industry, easily steals the limelight in the latter category.

When Chim, a noted stock market punter and big-time gambler, was elected to the legislature in 1991, he bought himself a gold Rolls-Royce - just to show that he was not entering politics to get rich but already was.

Yesterday Chim took out half a page in the business press to give an "advance appraisal" of Governor Chris Patten's state-of-the-colony speech due later in the day, expounding on favourite themes such as the need for the UK and China to resolve their differences over the colony's future.

More original was a suggestion to unlock the political impasse surrounding Hong Kong's HK\$1.65bn airport project. Funding for the project could be raised by leasing outlying islands for casinos, says Chim, who is presumably thinking of the long ride to Las Vegas.

Be prepared

Boy scout meetings may not be the most obvious source of stock market tips, but shares in Chemical

Bank roared ahead yesterday after a gathering the previous evening of the Greater New York Councils of the Boy Scouts of America.

Having just been sworn in as president of the movement, which aims to give boys a disciplined start in life, John McGillicuddy, the bank's chairman, temporarily have forgotten the famous scouting motto. So industrious Reuters journalist Alison Raa, who had sat through an hour-long ceremony at New York's Waldorf Astoria hotel, was duly rewarded when she walked up to McGillicuddy afterwards. At least two weeks in advance of the official results, the boss let slip that Chemical would be expecting record profits in the third quarter.

Abashed Chemical spokesman John Myers had to agree that McGillicuddy had been quoted correctly, but understandably declined to elaborate.

Foreign face

In selecting a little-known council member as the Bundesbank's "foreign minister", Hans Tietmeyer, who took control of the German central bank at the beginning of this month, has signalled that he has no intention of relinquishing control of the institution's international relations. Ever since Tietmeyer came to the Bundesbank in 1990, the two departments, currency issues and

OBSERVER



"Which fringe meeting calling for unity shall we go to tonight?"

becoming its vice president in 1985. He has only been a member of the central bank directorate since June. Buba watchers attempting to interpret the smoke signals emerging from Frankfurt following the handover will therefore have to contain themselves in patience a little longer.

Mucha do

Why has Norddeutsche Landesbank chosen the works of Alphonse Mucha, the Art Nouveau poster artist, for its first big art promotion in the UK? Easy. The artist's grandson, John Mucha, is head of corporate affairs in the London office of the Hanover-based bank. Who better to secure Geraldine Mucha, his mother, for years residing in Prague, for the dinner marking the opening of the Barbican show?

Though he made his name in Paris in the 1890s with posters for Sarah Bernhardt, Alphonse Mucha turns out to have been a fervent Czech nationalist who lived long enough to mark the 10th anniversary of Czechoslovak independence in 1928 with an enormous wall-painting called "The Apotheosis of the Slavs". His son Jifi became an RAF pilot during the second world war two, and returned to Prague in 1945 with his English bride.

Now widowed, Geraldine Mucha rashly urged her London audience to visit her Prague apartment

which still houses the poster artist's extensive collection. "Do ring up first," she urged. "Otherwise I might be out shopping."

Cash in hand

Severely strapped for cash, Conservative party officials are having to become pretty resourceful in their quest to turn an extra penny. But the prize so far must go to the loyal workers in treasury minister Stephen Dorrell's seat of Loughborough.

They are spending the week at the annual conference seeking out prominent Euro-sceptics to autograph Teresa Gorman's new book, *The Bastards*, billed as the inside story of the Euro-sceptics' revolt against Maastricht "and how the government stamped it out". The plan is to auction the embellished tome to raise money for Dorrell's local constituency.

Signatures assembled to date include those of trade and industry minister Neil Hamilton, Lord Tebbit, the former party chairman, who further identifies himself as "one who knows who his father is", and John Carlisle, the MP for Luton North, who appends the legend "barney". Thatcherite chief treasury secretary Michael Portillo is understood to have declined to lend his name to the endeavour.

The views of ardently pro-European Dorrell on this display of local initiative are not known.

Europe on track for Emu says Bonn finance chief

By Andrew Gowers and
Quentin Peel in Bonn

EUROPE remains on track for economic and monetary union, in spite of the August upheaval in the exchange rate mechanism of the European Monetary System, Germany's top finance official said yesterday.

Mr Gert Haller, recently appointed state secretary in the finance ministry, said all the EC member states which kept their currencies close together within the broad band ERM after August 2 had proved interested in resisting calls for rapid interest rate cuts.

"It proves that those countries are determined to pursue a sensible financial and monetary policy, even without the [narrow band] exchange rate corset," he said in an interview with the Financial Times. "If we carry on like this to next year, we won't need this corset. Then it will be no problem to get back to narrow bands eventually."

He said he was looking for three conclusions from the special EC summit planned for October 29. The first was a statement that "things are not going badly in monetary Europe". The second

was to allow the situation to "develop calmly without any grand new schemes".

The third and highest priority was for the EC member states to commit themselves to pursuing economic policies aimed at ever-greater convergence, which would allow the Emu programme to remain within its timetable, aimed at eventual union by 1999.

Mr Haller, one of Germany's key negotiators for Emu in the Maastricht treaty, said it was impossible to predict what the situation would be like in 1999, and admitted that the second phase of Emu, due to begin on January 1, might last longer than foreseen. He said it was essential to keep as restricted as possible the "grey area" of monetary policy responsibility, when central banks will exist alongside the planned European monetary institute.

At the meeting on Monday of the EC monetary committee, Mr Haller pointed out that long-term interest rates had fallen in all those EC member states which had kept their currencies close together since August 2, with the exception of Belgium and Ireland, which remained stable. "That is

also a sign that the market is convinced that this member states will continue to follow a reasonable, stability-oriented monetary policy," he said.

He defended in particular the French government for refusing to cut its interest rates too swiftly. "What would the French have gained if they had gone for short-term interest rate cuts?" he asked. "They would have incurred exchange rate risks. The markets have a memory like an elephant. The French would have made a mess of their reputation for a very long time."

Mr Haller was given a baptism of fire as state secretary, when he had to attend the EC monetary committee on August 2 to resolve the ERM crisis. He confirmed he was the first to propose the move to a wider fluctuation band from the former 2.5 per cent band.

The broad bands within the ERM meant currency speculators now faced currency risk in the opposite direction to the former narrow bands. As a result they have been much less willing to speculate. He would not forecast when the narrow band "corset" might be reintroduced, but insisted: "It will not be a problem."

French institute says growth will be slower than expected

By David Buchan in Paris

FRANCE is soon likely to experience a further drop in economic activity, and it will only pick up in the second half of next year thanks to a belated German recovery, OFCE, a leading Paris forecasting institute, said yesterday.

OFCE predicts that France's gross domestic product will grow by only 0.3 per cent in 1994, far below the government's median forecast of 1.4 per cent growth.

The reason for the slow predicted growth is that the economy in Germany, the country's major partner, will not recover until late 1994, and even then first in German exports rather than imports.

In last month's presentation of its 1994 budget plan, the government gave a revival in foreign demand for French goods as its main reason for sticking to its 1.4 per cent growth estimate.

In the shorter term, OFCE is also more pessimistic than the government. It predicts that economic activity, stable in July-September after four successive quarters of decline, will now fall again by 0.3 per cent in the last quarter of this year and in the first three months of 1994.

France may thus suffer a "double dip" recession, because the government's very modest fiscal refraction this year and next - unsupported by any real relaxation so far in monetary policy - may not be enough to break the vicious circle between consumers' and companies' expectations of rising unemployment, their consequent disinclination to spend and invest and the knock-on effect that this has in the form of job lay-offs.

The upshot, according to OFCE, is that unemployment will continue to rise, to 3.4m, or 12.4 per cent of the workforce, by the end of this year and to 3.7m. or

13.6 per cent, by end-1994. Mr Jean-Paul Fitoussi, head of OFCE, said the government's five-year employment law, which cleared the national assembly on Tuesday, and which introduces some new flexibility into pay rates and work patterns, was a move in the right direction, but not radical enough to shorten the dole queues much in the short term.

The absence of any clear panacea for France's chronic unemployment is now making the political debate less partisan. Mrs Martine Aubry, labour minister in the last Socialist government, unveiled on Tuesday night a new foundation to research employment issues.

It has an initial FF799m (\$6.9m) capital provided by a number of company chairmen, many of them on the right in French politics.

Pension reform planned, Page 2

Spending cuts split Major's cabinet

By Philip Stephens, Political
Editor, in Blackpool

A FIERCE struggle has broken out in the British cabinet over attempts to cut defence and welfare spending to help meet public spending targets for the next three years.

Mr Malcolm Rifkind, the defence secretary, is demanding a full-scale review of Britain's armed forces if the Treasury refuses to drop its demands for further cuts in his budget.

Mr Peter Lilley, social services secretary, is understood to have rejected a demand from Mr Kenneth Clarke, the chancellor of the exchequer, for radical reductions in a range of welfare benefits.

Several other departments have been forced already to concede in principle deep cuts in their budgets for the next three years. But senior government officials, said that the gulf between Mr Rifkind and Mr Lilley on one side of the argument and the Treasury on the other amounted to billions of pounds.

The transport department's roads programme, the environment department's housing and urban regeneration budgets and the government's subsidy for local authorities are emerging as the main victims.

The education and health budgets also face a tough squeeze but have so far escaped the worst of the cuts required to meet a freeze in real terms on overall spending for the two financial years 1994-95 to 1995-96. For 1996-97 the plans allow for an inflation-adjusted increase of 1 per cent.

Officials said the row over defence and social security had stalled the work of EDX, the cabinet committee charged with sharing out the spending cake. Until the two departments reached a settlement it would be impossible to finalise other budgets.

Mr Clarke admitted at the weekend that the bargaining in EDX had left "blood on the carpet". Mr Rifkind also alluded to the struggle in a speech to the ruling Conservative party's annual conference.

The defence secretary warned that the cuts in armed forces spending agreed following the end of the cold war had left the £23bn (\$35bn) defence budget at close to its acceptable limit.

Mr Rifkind, who earlier this year was forced into an embarrassing U-turn to save two threatened army regiments, has told the Treasury that the additional savings it is seeking over the next three years would seriously undermine UK defence strategy.

For his part, Mr Lilley has rejected Treasury demands for reductions in his £80bn budget going well beyond an agreed clampdown on invalidity benefit. Among the radical options under discussion in EDX are the "means-testing" or taxing of child benefit and the transfer to employers of responsibility for sickness and industrial injury benefits.

THE LEX COLUMN

Germany at new peaks

There is an aura of unreality in the filtration of the DAX index with the 2,000 level. German corporate earnings are expected to rebound sharply next year as restructuring charges fall away and the effect of cost-cutting takes hold. But after rising by nearly 50 per cent so far this year, the market is trading on a 1994 multiple of nearly 20. That leaves little room for anything to go wrong in a year when rising unemployment will ensure consumer confidence remains weak and election uncertainties will overshadow an already weak fiscal position.

A more plausible reason for the strength of the equity and bond markets is the simple weight of liquidity. Money supply growth of around 7 per cent is far higher than needed to finance the output which is actually being achieved. Some of the surplus is finding its way into financial assets.

The received wisdom in Frankfurt is that there is room for further gains, particularly in equities, as money market rates fall. At some point, though, such confidence must give way to renewed concern about inflation.

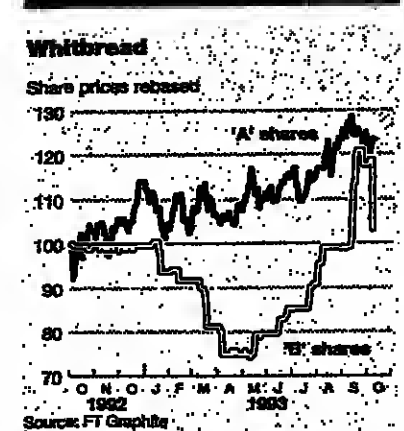
At present the Bundesbank can still point to low bond yields as evidence that inflationary expectations remain muted. If, however, the froth in the equity market spilled over into property prices, worries about an asset price bubble, which have recently surfaced in the US, would look much more applicable to Germany. Monetary easing would then stop dead in its tracks. That would be bad news indeed for the many industrial companies whose liquidity has been eroded by weak revenues and the cost of redundancy payments.

Whitbread

It was only a matter of time before Whitbread's poison pill got in the way of its ambition. Enfranchising restricted voting shares and buying out the majority in the investment company leaves Whitbread as vulnerable to takeover as its peers. If institutional investors are more willing to hold the shares, though, it will enjoy easier access to the equity market. The offer for the investment company will add at most £250m debt to the balance sheet - and probably much less - so there is no immediate need for a rights issue. But there can be no doubting Whitbread's intention to use its new-found freedom should it spy a large acquisition through the glass in the bottom of its tankard.

Buying the investment company

FT-SE Index: 3100.8 (+15.6)



opens a number of options, since Whitbread is acquiring stakes in companies ranging from Anheuser-Busch to Vaux. The large holdings in Boddington, Brakspear and Marston must any way be reduced to comply with the beer orders. While the investment company was happy as a passive shareholder, it is less clear that Whitbread should maintain even its permitted 15 per cent stake in each. That points to either divestment over time or a full bid.

The response of the regional brewers' shares suggests the market is more worried about an overhang of stock than excited by the prospect of a bid. That may prove premature. Whitbread might value either Boddington's estate or Marston's strong regional brand. Neither would represent a giant leap forward in retailing or leisure. But having missed out on Chef & Brewer and set its face against overseas expansion, Whitbread may have to be content for now with progress in small steps.

Bank of Scotland

Bank of Scotland continues to reap the rewards of prudence. A 30 per cent increase in interim operating profits before provisions represents a fine performance, especially as there was little benefit from windfall foreign exchange gains or overseas income. However, much of the growth came from wider spreads on its £5bn mortgage book. That advantage will last only as long as interest rates stay down.

Of more permanent value is Bank of Scotland's continuing reduction in its cost to income ratio, which now stands at 49.6 per cent - way below

that of all London-based clearing banks. But it will become progressively tougher to trim the ratio further to generate income growth. Moreover, with problem loans representing a relatively low proportion of total lending, Bank of Scotland will benefit less from declining bad debts than more reckless rivals.

But as banks start to accumulate surplus capital in the upswing, attention will increasingly focus on how they intend to use it. Bank of Scotland is of the old school in believing good money can be made from lending. It promises to use its capital strength for further expansion into England without building up a costly branch network. Its progress may be unspectacular, but the strategy is a good deal less risky than Abbey National's modish foray into derivatives.

Invergordon

Potential conflicts of interest abound in the debate over Invergordon's future. Fleming Investment Management holds the deciding stake, and is negotiating with Whyte & Mackay to sell Invergordon's birthright. Yet it has to call in SG Warburg as an adviser because its sister company is Invergordon's adviser. Meanwhile the apparently downbeat view of Warburg Securities' analysts is hardly helpful to Warburg's corporate finance efforts on behalf of the vendor.

All that should not detract from the seriousness of the situation. If FIM agrees a price with Whyte, it will trigger a full bid, but the issue will effectively have been decided since, thanks to its existing stake, Whyte will have more than 50 per cent of the votes. In that case neither other shareholders nor the company's management will have had a full opportunity to express their views. FIM will have effectively negotiated on everyone else's behalf and two shareholders will have decided for everyone. It would be more satisfactory if Whyte, having noted FIM's interest, decided either that it did not want to bid at present, or put a formal offer into the market open to all shareholders.

The difficulty, unsurprisingly, is over price. Whyte seems determined not to overpay while the market is talking the price higher than the previous failed bid. Yet any bid should be determined by what Whyte is prepared to pay set against the management's view of business prospects. Currently shareholders are being denied both pieces of information.

Yeltsin confirms election date

Continued from Page 1

ing it included "the avoidance of war and the peaceful regulation of international conflicts while honouring the sovereignty and territorial integrity of states, non-interference in their internal affairs and the maintenance of state borders" - a clause apparently aimed at the role of the Russian military in conflicts in the former Soviet states.

Plan to close Seat plant

Continued from Page 1

of the company's 23,300 jobs. But his fate was apparently sealed in August when he informed Mr Pisch that Seat loses this year, originally forecast at around DM250m, would soar to DM1.25bn.

A statement from the Madrid government said Mr Pisch and Mr Serra had agreed to "find a solution which involves a significant increase in productivity in

order that Seat recovers its competitiveness." That is likely to mean that VW will insist on the loss of most of the jobs at Zona Franca, although some workers may be found places at Seat's new plant at Martorell, around 30km from Barcelona.

The statement added that Mr Serra had insisted, and that Mr Pisch had generally agreed - that any solution "should strengthen the business capacity of Seat in the automobile market".

FT WORLD WEATHER

Europe today

The persistent low just off southern Ireland will continue to grip western Europe. Showers will develop easily in the cool, moist and unstable air mass. North-west Spain and parts of Portugal will have intermittent showers and thunder. Temperatures will stay particularly low along the Atlantic coast. Showery, cool and cloudy conditions will prevail over France, parts of the Low Countries and the British Isles. Excessive precipitation is expected along the southern slopes of the Alps and in parts of northern Italy. Cloud and rain will persist over southern Scandinavia. Central and eastern Europe will have some sunshine with only a few scattered showers.

Five-day forecast

The low close to Ireland will slowly weaken and dissipate by Saturday. However, low pressure areas arriving from the Atlantic will result in changeable conditions over the British Isles and western France. A frontal disturbance will trigger rain, showers and thunder over central Europe on Friday and Saturday. From Sunday, increasing high pressure over the continent will bring drier conditions. Fog will develop overnight and persist through the morning.

TODAY'S TEMPERATURES

Location	Temp	Location	Temp	Location	Temp	Location	Temp
Abu Dhabi	30	Madrid	12	Frankfurt	13	Moscow	18
Accra	28	Paris	10	Geneva	11	Nairobi	22
Algiers	27	Rome	17	London	10	Manila	28
Amsterdam	16	Berlin	15	Barcelona	14	Mexico City	17
Athens	21	Bombay	25	Brussels	11	Miami	24
B. Aires	24	Buenos Aires	17	Dallas	19	Montreal	18
Bangkok	27	Chennai	23	Dubai	23	Moscow	22
Barcelona	16	Cairo	29	Dubrovnik	15	Murich	15
Beijing	24	Cape Town	19	Edinburgh	10	Naples	17
		Casablanca	27	Faro	15	Nassau	26
						New York	15
						Nice	19
						Nicosia	17
						Oslo	15
						Paris	10
						Perth	20
						Prague	18
						Rangoon	33
						Reykjavik	8
						Rio	22
						Riyadh	28
						Rome	25
						S. Francisco	24
						Seoul	19
						Singapore	29
						Stockholm	12
						Strasbourg	19
						Sydney	23
						Taipei	21
						Tanger	21
						Tel Aviv	27
						Tokyo	18
						Toronto	25
						Tunis	30
						Vancouver	15
						Venice	22
						Vienna	22
						Warsaw	20
						Washington	27
						Wellington	16
						Winnipeg	8
						Zurich	16

Your bonus program. Lufthansa Miles & More.

Lufthansa
German Airlines

This announcement appears as a matter of record only

WASA Insurance Group

has sold the equity in the

FINAX GROUP

to GE Capital

for consideration in excess of SEK 1 billion

We advised WASA in this transaction

Morgan Grenfell & Co. Limited Alfred Berg Fondkommission AB

MORGAN GRENFELL

Alfred Berg

STOCKHOLM • COPENHAGEN • HELSINKI
OSLO • LONDON • NEW YORK

Wasa Insurance Group is one of Sweden's major life and non-life insurance companies with total assets of over SEK 45 billion and gross premium income of over SEK 7 billion. WASA's business concept is to secure and advance the financial position of its customers by providing opportunities to insure, save and borrow. WASA is a member of the pan-European alliance Euroreko, whose assets total more than SEK 300 billion.

September 1993

other
TEARS • VIDEO PROCESSORS
PDS • COMPUTERS • FAX

Tilbury
Douglas
A major force in construction

FINANCIAL TIMES COMPANIES & MARKETS

THE FINANCIAL TIMES LIMITED 1993
Thursday October 7 1993

BOWENS
A WORLDWIDE LEADER
IN PHOTOGRAPHIC
LIGHTING
WOLSELEY
The name behind
the name

INSIDE

Better results from Société Générale

The troubled French banking industry had some good news yesterday when Société Générale announced a 9.2 per cent increase in net profits for the first half. French banks have been hurt by a sluggish credit market and the impact of the recession. Page 18

Credit Suisse closures

Only 82 domestic branches of Credit Suisse will be closed following the bank's \$1.1bn (£1.1bn) takeover of Swiss Volksbank - significantly fewer than the 100 to 150 forecast at the time of the takeover. Page 18

Grampian profits fall to £10.8m

Grampian Holdings, the Glasgow-based mini-conglomerate, has reported a fall in interim pre-tax profits from £10.8m (£16.30m) to £2.05m. Page 23

Receivers tackle Canadian units

Two Canadian companies with links to the UK's Wallace Smith Trust have been put into receivership. The move is part of an effort by creditors to recover as much as they can from the group, which collapsed in 1991. Page 18

Berlusconi shuffles top jobs

Plans to raise about £500m (£348m) through a share floatation have prompted Silvio Berlusconi, the Italian media mogul, to carry out a management reshuffle in his family-controlled Fininvest group. Page 19

HK Telecom calls poacher

Mr Peter Howell-Davies is a poacher turned gamekeeper. The former senior manager of Mercury Communications, the company that is challenging British Telecom's UK monopoly, is charged with protecting Hongkong Telecom's monopoly from the coming of competition. Page 19

Villagers lose their ground

In the 1970s the communist authorities in East Germany decided that the village of Horno should be flattened to make way for the mining of brown coal. With German unification, the villagers hoped for a reprieve. But now the company that mines the brown coal fields in the area appears determined to press ahead with the plan. Page 24

Peru and Sri Lanka join team

Peru and Sri Lanka take their places in the IFC's emerging markets investable indices for the first time this week, raising the number of markets covered to 20. The IFC also intends to issue data on Zimbabwe and China in the new year. Back Page

Market Statistics

Base lending rates	32	London share service	25-27
Benchmark Govt bonds	20	Life equity options	20
FT-4 indices	25	London traffic options	20
FT-4 world indices	25	Managed fund service	29-32
FT-4 world indices	25	Money markets	32
FT-4 world indices	25	New int. bond issues	24
FT-4 world indices	25	World commodity prices	24
FT-4 world indices	25	World stock indices	33
FT-4 world indices	25	UK dividends announced	21

Companies in this issue

AMD	18	HSBC	17
Alcatel	18	Hensley Foods	18
Allianz	17	Hewlett-Packard	23
Allied-Lyons	21	Hongkong Telecom	18
Amber Day	21	Imperial Chemical	21
Austin Reed	22	Keel Energy	22
BAE	17	Manchester United	23
BNP	17	Matthew Clark	9
Baltica	18	Mercury Comm	9
Bank of Scotland	18	Corlison Blithe	9
Barton	21	Paramount	22
Brassey	23	Parkdean Leisure	22
Brant Walker	22	Postnet	22
Brown (David)	22	REA	18
CentraGold	22	Renault	18
Coca-Cola Amatil	18	Savoy Hotel	23
Credit Suisse	19	Shepherd Neame	21
Credit Mutuel	18	Société Générale	18
Drew Scientific	23	Swiss Volksbank	19
El-Lands	22	TAC	17
Fininvest	19	Time Products	18
Flughafen Wien	19	Viel	19
Fort	19	Volvo	18
Gold Greenless Trott	21	Wallace Smith	17
Goodyear Tire/Rubber	19	Whitbread	17
Grampian Holdings	23	Whitgate Leisure	22
Grupo March	18	Whyte & Mackay	21

Chief price changes yesterday

		Rheas		
Alcatel	308	+ 12	BP	1214 + 42
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25
Alcatel	308	+ 12	BP	375 + 25

New York prices at 12.50pm

Waters	155	+ 6	Whitman Inc	743	+ 33
Wendell	77	+ 10	Whitridge Ltd	434	+ 49
Wendell	77	+ 10	Whitridge Ltd	434	+ 49
Wendell	77	+ 10	Whitridge Ltd	434	+ 49
Wendell	77	+ 10	Whitridge Ltd	434	+ 49
Wendell	77	+ 10	Whitridge Ltd	434	+ 49
Wendell	77	+ 10	Whitridge Ltd	434	+ 49
Wendell	77	+ 10	Whitridge Ltd	434	+ 49
Wendell	77	+ 10	Whitridge Ltd	434	+ 49
Wendell	77	+ 10	Whitridge Ltd	434	+ 49

Allianz reveals stakes worth DM9bn

By David Waller in Frankfurt

ALLIANZ, Europe's largest insurance company, yesterday disclosed the biggest of its extensive holdings in German and foreign companies, showing a combined market value of DM8.9bn (\$5.5bn) at the end of June. The Munich-based group, which has long had a reputation for secrecy, followed Daimler-Benz's decision to publish its accounts according to US Generally Accepted Accounting Principles as part of its listing on the New York Stock Exchange. Earlier this year German banks also moved to more open accounting.

Together, these developments represent an opening up of corporate Germany and increased awareness of the information needs of international institutional investors. The holdings, disclosed at the shareholders' meeting in Munich, include a 14.4 per cent stake in BASF, one of the big three German chemical companies; a 14.8 per cent stake in Linde, one of Germany's highest insurance companies; a 12.5 per cent stake in RWE, the Düsseldorf-based utilities conglomerate; and a 12.1 per cent stake in Veba, the energy-based conglomerate. Allianz also disclosed a 16.9 per cent stake in the BHF Bank, one of Germany's most influential banks, and a 12 per cent stake in the Düsseldorf-based IKB Deutsche Industriebank. There were also sizeable stakes in other German companies and a number of French industrial and financial services companies.

It is known that Allianz is the largest shareholder in Deutsche Bank, Germany's biggest bank, but as this holding did not appear on the list the holding is below 10 per cent, but worth several billion D-Marks. Allianz's disclosures shed light on an investment portfolio which was worth DM18.4bn at the end of last year at book value alone. They helped trigger a DM32 rise in the Allianz share price yesterday, to close at DM27.40. This followed a DM127 gain on Tuesday. The announcement pre-empted changes in German securities markets law, to be introduced next year, which will bring the disclosure requirement in Germany down from a threshold of 20 to 25 per cent or less. It also follows a recent court-ruling which obliged Siemens, the Munich-based electricals and electronics group, to make similar disclosures.

The revelations flesh out details of Allianz's role at the heart of German finance and industry. Mr Henning Schulte-Noelle, chief executive, said premium income for the group in 1993 would rise 14 per cent to more than DM82bn. For the first six months premium income rose 21.5 per cent to DM33.3bn.

BNP offer to institutions 12 times over-subscribed

By Alice Rawsthorn in Paris

THE SALE of shares in Banque Nationale de Paris to institutional investors has been more than 12 times over-subscribed, causing the French Government to close the offer after only two days. The economy ministry said that the "strength and speed" of the institutions' response to the issue - the first in the government's privatisation drive - had forced it to bring that part of the BNP sale to an early close. The original deadline for institutional subscriptions was October 12, the same as for the public offer. The ministry has no plans to close the public part of the sale, which values the bank at FF430b by selling its shares at FF240 each. The ministry declined to comment on the level of subscriptions received so far from individual investors. However, banking sources suggest that public demand for BNP shares has also been high.

French and foreign institutions subscribed for around FF100bn of BNP shares in the first two days of the offer, against the FF43.3bn of equity allocated to them. Under the original offer terms the government reserved 12.12m shares, or 17 per cent of the total issue, for French institutions and 22.5m shares, or 31 per cent, for foreign institutions. However the number of shares available to institutions could be reduced by up to 9.5m if demand from individual investors strong enough to trigger the clawback measure.



Farewell to Hong Kong

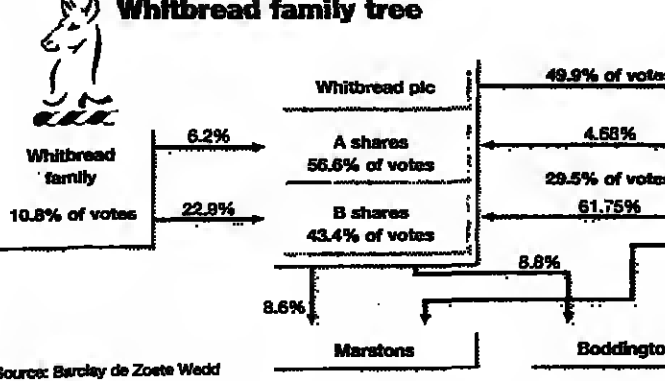
SIR WILLIAM PURVES, chairman of HSBC Holdings, is pictured yesterday on his last day at work based in Hong Kong. Sir William, whose bank acquired Midland Bank last year, will transfer to London from next week. His return will complete the transfer of HSBC's headquarters. The bank is expected to hold board meetings in Hong Kong and Japan as well as London. The transfer of its headquarters was agreed with the Bank of England as a condition for the approval of the Midland acquisition.

Philip Rawsthorne reports on the UK brewer's changes to bring it in line with leading public companies

Whitbread reforms to grant investors equal voting rights

WHITBREAD, the UK brewing, retailing and leisure group, yesterday announced proposals for reforming its 45-year-old share structure to give equal voting rights to all shareholders. It also intends to acquire the 51 per cent outstanding stake in the Whitbread Investment Company, an associate set up in 1966 to protect a number of regional brewers from takeover. The share offer values WIC at about £82.5m (£72.5m), or 75p a share, with a cash alternative worth 74.5p. WIC's shares rose from 69p to 74.5p yesterday. Sir Michael Angus, Whitbread chairman, said the moves would bring the share structure into line with other leading public companies and provide greater flexibility for the group. "These two transactions will reinforce

the transformation which has taken place at Whitbread in recent years." Institutions have long pressed for changes in the outdated dual-share structure, which has given holders of B shares 20 times the votes of A holders. It was devised as a safeguard against takeover when Whitbread was a family-controlled brewer. But today the family holds only 10.8 per cent of the voting rights. A single class of shares will now be created by a capitalisation issue giving 1.27 new A shares for every B share to compensate for the elimination of the superior voting rights. The move will give Whitbread easier access to market funds as well as providing shareholders with greater liquidity and marketability of their shares.



Freeing its hand to shop around

By Philip Rawsthorne

Whitbread's restructuring frees it from its past as a family brewer and gives it flexibility to pursue its strategic development in retailing and leisure. The move had been widely expected since Sir Michael Angus took over as chairman last year. His ancestor founded the business at the Goat Brewhouse in London in 1742. The family, with 10.8 per cent of the voting rights, had long ago ceded control. But the dual share structure and the cross-holdings in Whitbread Investment Company continued to put a brake on expansion. The share structure had been devised in 1948 as a safeguard against takeover threats, but was out of time with contemporary thinking on shareholders' rights, restricting Whitbread's ability to

raise funds in the market. The Whitbread investment was set up in 1966 when a number of regional brewers turned to Whitbread for help in resisting takeover bids, notably from an acquisitive Bass. Whitbread bought minority stakes, usually in deals which included an agreement to stock its beers. Several of the regional brewers concerned - including Flowers, Fremains and Castle Eden - became part of the Whitbread group in the 1980s. The UK Monopolies and Mergers Commission inquiry into the brewing industry changed the competitive climate, and Whitbread was forced to reduce its stakes in regional brewers and pub-owners. It became increasingly obvious that the complex and confusing structures were a drag on the group's development. Mr John Spicer, analyst at Warburg Securities, says this helps to explain "Whitbread's slippage in size behind other leading companies in the drinks sector over the past 10 years. Some opportunities for sizeable acquisitions may have been missed." Losing to Scottish & Newcastle in the bidding for GrandMet's Chef & Brewer chain of pubs last month was a blow - though Mr Peter Jarvis, chief executive, said "the price GrandMet was looking for and our valuation were never in the same ball park". With the completion of the reforms, Whitbread will not only gain greater access to funds through equity issues, but also instant access to WIC's investment portfolio. That includes - apart from nearly £200m of shares in Whitbread which will be cancelled - £250m of shares in more than a score of companies. Much of this portfolio could be sold to raise cash, though shares are likely to be kept in regional brewers and pub operators to underpin Whitbread's trading links. Though speculation continues about Whitbread's eventual exit from brewing, Mr Jarvis said that he was "comfortable" with its present performance. His prime objective, however, is likely to be the continuing reinforcement of Whitbread's position as one of the UK's leading retailers. The group's eyes are now clearly on Fort's Harvester chain. "We are very interested," Mr Jarvis said. As the country's second largest operator in the eating-out market, Whitbread aims to continue the growth achieved in its Beefeater chain with the acquisition of Berni, and the development of Pizza Hut. It also plans to expand its Travel Inn budget hotels and the Thresher chain of off-licences.

THIS ANNOUNCEMENT APPEARS AS A MATTER OF RECORD ONLY
OCTOBER 1993

IR£28,000,000 Management Buy-Out of

international freight transport

by

Bell Freight Transport Group Limited

Transaction and funding jointly-led and arranged by

NATWEST VENTURES
NatWest Markets

and

CVC CAPITAL PARTNERS B.V.

Equity provided by

Citicorp Capital Investors Europe Ltd **NatWest Ventures Limited**
Europ Enterprise '92 **Irish Continental Group Plc**
Bell Lines' management team

NatWest Ventures Limited is a member of BIRRO
CVC Capital Partners B.V. is a subsidiary of Capital Invest Europe Limited, Jersey.
The investment adviser to Citicorp Venture Capital Europe and Europ Enterprise '92 Limited Partnership

INTERNATIONAL COMPANIES AND FINANCE

SocGen advance lightens gloom over French banks

By Alice Rawsthorn in Paris

SOCIÉTÉ Générale, one of France's largest banks, yesterday lightened the gloom over the French banking sector by announcing a 9.3 per cent increase in net profits to FF2.16bn (\$390.6m) in the first half of 1993, from FF1.98bn in the same period of last year.

Mr Marc Vienot, chairman, said the group should produce good results for the full financial year. "It's hard to imagine that 1993's result will be less than that of 1992," he added.

Société Générale produced net profits of FF3.55bn on net banking income of FF3.645bn in 1992.

The French banking industry has been under pressure

because of the sluggish state of the credit market and the impact of recession.

Several leading banks have recently announced disappointing first-half results. Paribas, the investment banking group, last week reported static interim profits, while Crédit Lyonnais, the state-controlled bank, last month reported a FF1.05bn loss.

Société Générale managed to overcome the pressures on industry due to strong performances from its international interests and trading activities. Mr Vienot said the bank had benefited from the development of its interest-rate and foreign exchange instruments.

Net banking income increased by 9.5 per cent to

FF20.22bn in the first six months of 1993 from FF18.46bn at the same stage in 1992. However, costs rose 4.5 per cent to FF13.53bn from FF12.96bn due to increased investment.

Gross operating profits rose 21.3 per cent to FF6.69bn from FF5.52bn. The bank made a loss of FF100m on financial transactions, against a FF789m gain in the first half of last year when it received FF535m from the sale of shares in Parier mineral water.

However, the group raised interim provisions by 3.2 per cent to FF3.53bn from FF3.42bn, due mainly to write-downs on its exposure to LDC debt and to sour commercial loans in France.

Victoire warns of sharp fall in profits

By Alice Rawsthorn

VICTOIRE, the French insurance company which is the subject of a quarrel between the Suez holding company and Union des Assurances de Paris (UAP) insurance group, yesterday warned of a sharp fall in full-year profits due to the problems of Baltic, the Danish insurer.

The future of Victoire, which yesterday also reported a 41 per cent fall in net profits to FF275m (\$48.5m) in the first half of this year, from FF470m in the same period of 1992, was flung into doubt when Suez, its majority shareholder, last week announced that it had resumed negotiations with UAP about its minority holding.

UAP, the largest French insurer, has for some time been anxious to exchange its Victoire shares for control of Colonia, the latter's German subsidiary.

The resumption of talks between Suez and UAP has come at a sensitive time for Victoire. This is the second successive year in which Victoire has been badly affected by the difficulties of the loss-making Baltica. The company holds a 23 per cent stake in Baltica.

Swedes split over 'foreign invasion'

Surge in inward investment has sparked debate, writes Hugh Carnegie

THE RESURGENT argument in Sweden this week over the merger of Volvo's car and truck operations with Renault of France has highlighted a wider debate about a growing trend of foreign influence in Swedish industry.

Volvo's plan to band over its automotive business to Renault, in exchange for a 35 per cent share of the merged company, has excited most commentators because of Volvo's position as the traditional champion of Sweden's impressive industrial base. But anxiety over the fate of Volvo has been fuelled by a perception that it presages a flow of control of industry out of a country weakened by three years of recession.

The bid by Scandinavian Airlines System (SAS), which like Volvo has suffered heavy losses recently, to combine forces under the Alcazar project with three other European airlines is a prominent example. Although only one-third Swedish owned, SAS is headquartered in Stockholm and, until last week, was led by a Swede, Mr Jan Carlzon. He has already stepped down at SAS and if Alcazar goes ahead, Stockholm will become no more than a branch feeder to the new alliance's main hubs elsewhere.

Less obvious, but no less significant, has been a dramatic surge in foreign investment in Swedish companies in the last year through the Stockholm stock exchange. The relaxation of restrictions on foreign buyers of Swedish shares - the last of which were scrapped at the beginning of this year - and the sharp devaluation of the Swedish krona have combined to produce unprecedented levels of overseas investment.

In the first eight months of this year, foreigners accounted for 23 per cent of the SKR185bn (\$23bn) turnover on the stock exchange, pushing up the foreign share of the market's total capitalisation to some 24 per cent. In 1991, the level was just 10 per cent.

The impact on many of Sweden's blue-chip companies has been striking. Foreigners held 44 per cent of the capital in Ericsson, the telecommunications company, compared with

Volvo defends merger

VOLVO yesterday insisted that its merger agreement with Renault was the best deal available for its shareholders, Hugh Carnegie writes.

Rejecting a call from Aktiespararna, the Swedish small shareholders' association, for the deal to be blocked at a shareholders' meeting on November 9, Volvo said that the merger agreed last month had won widespread support.

"The board of Volvo, the board of Renault, the French government, the government of Sweden, all the trade unions in Sweden and all the leading politicians have said that this is a good deal and that it is important that it takes place," a spokesman said. Aktiespararna, which represents about 10 per cent of Volvo's shareholders, faces an uphill battle to block the merger. With Renault holding more than 8 per cent of the Volvo parent and at least a further 15 per cent held by investment companies and institutions seen as being close to the company, it admits that many of the larger shareholders see no alternative to the merger.

However, the association has taken heart from its successful campaign in 1977 to win support for its objections to a proposal to sell a 40 per cent share in Volvo to Norway in exchange for oil concessions.

Aktiespararna said that it supported continued collaboration between Renault and Volvo's vehicle operations. But it objected to the merger on the grounds that it suspected the terms undervalued Volvo's car and truck operations, and because the French government had not set a specific timetable for the privatisation of Renault.

Volvo said that the commitment of the French government to privatise Renault after the merger was not in doubt. The company admitted that a detailed prospectus for shareholders, which Volvo will publish later this month, would not set a value "on each and every part of the company".

However, a spokesman said the 35 per cent of the merged company to be held by Volvo would yield "much better" returns than the truck and car operations would on their current basis.

27 per cent at the end of last year.

In Astra, the pharmaceuticals giant, the level is now 38 per cent; in SKF, the ball-bearing maker, it is 34 per cent; and in Electrolux, the white goods manufacturer, 26 per cent. In Scandinaviska Enskilda Banken, foreign holdings have jumped from 3 per cent to 15 per cent this year.

Inevitably, perhaps, this trend has produced an emotional response among many Swedes, which culminated in a revealing outburst last week at a private gathering by Mr Leif Ostling, president of the truck maker Scania. He called the Volvo-Renault deal a tragedy, condemned Mr Pehr Gyllenhammar, the Volvo chief, as "Sweden's biggest destroyer of industry" and said Swedes were "spineless" for not speaking out.

But while many acknowledge a similar gut reaction, the considered analysis of the gov-

ernment, trade unions, business organisations and shareholders is very different.

The centre-right government of Prime Minister Carl Bildt, the Social Democratic opposition and the labour unions continue to support the Volvo-Renault merger. Nor did it escape notice at Volvo that Saab, the carmaking sister company of Scania, has only survived because of a 50 per cent share taken by General Motors of the US, which now runs the company under a British chief executive.

Aktiespararna, the small shareholders' association which opposes the Volvo-Renault deal, is doing so because of its doubts about the valuation of Volvo assets in the merger and worries about the privatisation of Renault, not the principle of Volvo becoming a junior partner to the French company.

"In principle we are for an

international society - an open society with no borders where you can move your capital as you want," says Mr Lars-Erik Forsgardh, president of Aktiespararna.

Mr Bjorn Karlén, head of an organisation that promotes shareholding points out that Sweden has until recently had relatively low levels of foreign investment for a country with such a large number of international companies.

With local capital investment at a low ebb because of the recession, and with a need for Sweden, which is applying to join the European Community, to integrate more closely into the European economy, Mr Karlén says foreign ownership is widely supported.

"You will not find any real opposition in political and business circles. Our companies have an urgent need for risk capital and the money is not available in this country," he says.

Moreover, Swedish companies have themselves been eager acquirers of foreign companies in recent years - notably in the forestry sector. Previous mergers, like the combination of Assa with Switzerland's Brown Boveri and the merger of Avesta with the stainless steel division of British Steel to form Avesta Sheffield, have led to strengthened groups in which Swedish interests have remained prominent.

Of course, as in the case of Volvo, there are worries that jobs will leak abroad when Swedish companies come under foreign influence or control.

But Mr Per-Olav Edin, chief economist at LO, the blue-collar trade union federation, takes a sober view of this, explaining that the LO accepts that companies must act in their own interests, not those of the country.

"Yes we are all sad about Volvo. But if you are rational you have to accept the necessity of the merger. We in Sweden have been too dependent on Volvo and Saab. In the long run employment will fall in these sectors. It has a better chance to be managed smoothly this way. Our members are better off in this new situation."

Crédit Mutuel chief optimistic

By Alice Rawsthorn

CREDIT Mutuel, the French bank, hopes to "maintain or possibly increase" net profits for 1993 compared with last year, in spite of the competitive state of the banking market.

Mr Etienne Pflimlin, chairman, likened the current condition of the sector to that of the "first oil shock in autumn 1973". However, he said his

group had managed to increase market share and hoped at least to maintain net profits at the same level as 1992's FF1.5bn (\$264.3m).

Crédit Mutuel, which is the fifth largest retail banking network in France, has been affected by the sluggish demand for credit, according to the chairman. The French credit market has been depressed by the impact of high real interest rates, in

spite of recent rate reductions.

Mr Pflimlin identified the farming sector as an area of potential market share gains. He said his group should win share at the expense of Crédit Agricole, the co-operative farmers' bank, which he described as a "dinosaur".

Crédit Mutuel also plans to extend its branch network. It intends this year to set up new offices in Lyon, Bordeaux, Toulouse and Nancy.

Bank of Scotland rises 58%

By John Gapper, Banking Editor

HIGHER loan margins and increased fees helped Bank of Scotland raise interim pre-tax profits 58 per cent to £117.6m (\$176m), from £74.2m, in spite of being hampered by weak loan demand.

Economic recovery enabled provisions for bad debts to be lowered 25 per cent to £174.4m in the six months to August 31, compared with the second half of last year. But this was still 36 per cent up on the first half of last year.

Assets such as loans rose only 1 per cent on the second half of last year to £29.4bn, well within the bank's self-im-

posed limit of 5 per cent asset growth for the year.

Mr Bruce Pattullo, governor and chief executive, had been surprised by the "extremely weak" loan demand. As a result, assets might well expand this year by less than the 5 per cent limit it had set in order to maintain its capital adequacy ratio. He said improvements in management and the reshaping of the bank over the past three years had started "to come through to the bottom line".

Bad debt provisions should continue to fall in the second half. This would be helped by some release of provisions as it sold assets such as distressed companies which it had

helped to continue trading.

Operating profits before bad debt provisions rose 39 per cent to £283.2m. Net interest income rose 22 per cent to £378.1m compared with £307.3m and non-interest income rose 24 per cent to £186.5m against £150m.

The rise in net interest income was achieved by increasing the average margin on loans from 2.37 per cent to 2.57 per cent. This was reflected in a widening of the spread between interest charged on assets and paid on liabilities. Mr Pattullo said margins on syndicated loans to large corporate customers were starting to narrow.

Lex, Page 16

UK funds buy Uralita stake

By Tom Burns in Madrid

A GROUP of UK funds, led by Scottish Widows, have paid £47.6m (\$88m) to acquire a 15 per cent stake held by Grupo March, one of Spain's leading private holdings, in Uralita, the loss-making domestic chemical and construction materials conglomerate.

Scottish Widows, which purchased slightly less than 5 per cent, was the highest of Uralita's new shareholders. AB Aseores, the Madrid securities firm which was the adviser and lead manager in the transaction, did not identify the other UK investors.

This announcement appears as a matter of record only.

September 1993

BANQUE LEHMAN BROTHERS

600,000 Series A Call Warrants
600,000 Series B Call Warrants
600,000 Series C Call Warrants

relating to

Principal Strips of Obligations
Assimilables du Trésor

8.5 per cent. due 25th October, 2019

Issue Price:
FF38 per Series A Call Warrant
FF30 per Series B Call Warrant
FF23 per Series C Call Warrant

LEHMAN BROTHERS

CANON INC.

Canon Inc. has received from the Board of Directors a declaration of dividend of ¥100 per share for the fiscal year ended March 31, 1993. The dividend is payable on October 1, 1993, to shareholders of record as of September 1, 1993. The dividend is payable in cash to shareholders of record as of September 1, 1993, who are entitled to receive the dividend. The dividend is payable to shareholders of record as of September 1, 1993, who are entitled to receive the dividend. The dividend is payable to shareholders of record as of September 1, 1993, who are entitled to receive the dividend.

Canon Inc. has received from the Board of Directors a declaration of dividend of ¥100 per share for the fiscal year ended March 31, 1993. The dividend is payable on October 1, 1993, to shareholders of record as of September 1, 1993. The dividend is payable in cash to shareholders of record as of September 1, 1993, who are entitled to receive the dividend. The dividend is payable to shareholders of record as of September 1, 1993, who are entitled to receive the dividend. The dividend is payable to shareholders of record as of September 1, 1993, who are entitled to receive the dividend.



MALAYSIA

US\$650,000,000
Floating rate notes
due 2005

In accordance with the provisions of the notes, notice is hereby given that for the six months interest period from 7 October 1993 to 7 April 1994 the notes will carry an interest rate of 5.25% per annum. Interest payable on 7 April 1994 will amount to US\$265.42 per US\$10,000 note and US\$6,635.42 per US\$250,000 note.

Agent: Morgan Guaranty Trust Company

JPMorgan

Leveraged Capital Holdings
Weekly net asset value
on 04.10.93
US \$ 62.95
Listed on the Amsterdam Stock Exchange

Information:
Morgan Capital Management
Box 15, 1011 NK Amsterdam,
Tel.: 31-20-5111115

EUROPEAN COAL AND STEEL COMMUNITY

FRF 300,000,000 FRF due 2002
Notes are hereby given that the rate of interest for the period from October 1, 1993 to October 1, 1994 is 6.25% per annum. The coupon payments due for the period from October 1, 1993 to October 1, 1994 are FRF 10,000 and FRF 1,750 per annum. The coupon payments due for the period from October 1, 1994 to October 1, 1995 are FRF 10,000 and FRF 1,750 per annum. The coupon payments due for the period from October 1, 1995 to October 1, 1996 are FRF 10,000 and FRF 1,750 per annum. The coupon payments due for the period from October 1, 1996 to October 1, 1997 are FRF 10,000 and FRF 1,750 per annum. The coupon payments due for the period from October 1, 1997 to October 1, 1998 are FRF 10,000 and FRF 1,750 per annum. The coupon payments due for the period from October 1, 1998 to October 1, 1999 are FRF 10,000 and FRF 1,750 per annum. The coupon payments due for the period from October 1, 1999 to October 1, 2000 are FRF 10,000 and FRF 1,750 per annum. The coupon payments due for the period from October 1, 2000 to October 1, 2001 are FRF 10,000 and FRF 1,750 per annum. The coupon payments due for the period from October 1, 2001 to October 1, 2002 are FRF 10,000 and FRF 1,750 per annum.

The First Agent
Banque Paribas de Paris
(Luxembourg) S.A.

BEAR STEARNS

Bear Stearns Bank GmbH

a subsidiary of
The Bear Stearns Companies Inc.

is pleased to announce the commencement
of trading activities on the Frankfurt Stock Exchange.

Grüneburgweg 16
60322 Frankfurt am Main
Telephone: 069 - 15304180
Stock Exchange: 069 - 15304224

Volker Kobel
Managing Director

Kerstin Paul
Associate Director

The Bear Stearns Companies Inc.

September 1993

U.S. \$100,000,000



Statens Bostadsfinansieringsaktiebolag, SBAB
(Incorporated with limited liability in the Kingdom of Sweden)
Subordinated Floating Rate Notes due October 2002

Notice is hereby given that for the six months interest period from October 7, 1993 to April 7, 1994 the Notes will carry an interest rate of 6.25% per annum. The interest payable on the relevant interest payment date, April 7, 1994 will be U.S. \$132.71 and U.S. \$2,654.17 respectively for Notes in denominations of U.S. \$5,000 and U.S. \$100,000.

By: The Chase Manhattan Bank, N.A.
London, Agent Bank
October 7, 1993



TAKE PRECISE AIM RECRUIT THE BEST.

By placing your recruitment advertisement in the Financial Times you are reaching the world's business community.

For information on advertising in this section please call:

Andrew Skarzynski on 071-407 5754
Mark Hall-Smith on 071-407 5748
Tricia Strong on 071-407 5634
Philip Wrigley on 071-873 4006

INTERNATIONAL COMPANIES AND FINANCE

Wallace Smith Canadian units put into receivership

By Bernard Simon in Toronto

THE liquidator of Wallace Smith Trust group, the UK-based banking and finance group formerly controlled by Mr Wallace Smith, has put two Canadian companies with links to the group into receivership.

The move against the Canadian units is part of a multi-pronged effort by creditors to recover as much as they can of the estimated \$100m (\$149.3m) deficiency in assets which was discovered in the group when it collapsed in early 1991.

Mr Smith, who is a Canadian citizen, has been charged with fraud by the Serious Fraud Office in the UK.

His trial is expected to start at the Old Bailey in London on November 15. He is on bail of \$250,000.

The appointment of the receiver in Canada, like much of the winding-up process in the UK, has been marked by a flurry of legal claims.

The liquidator, KPMG Peat Marwick, is claiming substantial damages from Royal Bank of Scotland and National Westminster Bank, as well as from

Coopers & Lybrand, the Wallace Smith group's auditor. The main creditors include Crédit Lyonnais, Tokio-Mitsubishi, DGB Bank and Banca Commerciale Italiana.

In separate actions, the Toronto-based companies in receivership, Wallace Smith Group and Wallace Smith & Co, have filed two suits against KPMG for a total of \$3.3m.

One of the claims alleges that the liquidator has unfairly interrupted the business of the Canadian companies.

These companies continued to operate for several months as brokers in North American money market instruments after the collapse of Wallace Smith Trust in the UK. Another Toronto-based company, Wallace Smith Securities, was placed in receivership last October.

The Canadian companies put into receivership are in a relatively sound financial position with net assets estimated at C\$4m (US\$3.1m).

However, Mr Philip Wallace, a partner at KPMG, said yesterday that "our concern is to avoid wasteful spending of money on proceedings which

we don't think would help anybody".

Mr Wallace said that the purpose of appointing the receiver, who is an independent accountant, was to ensure that "all the litigation gets sorted out in as cost-effective a way as possible".

The creditors of the two Canadian companies are mostly other companies in the Wallace Smith group, as well as employees and professional advisers.

The group set up by Mr Smith and his family is an intricate web of companies which included three UK-based trusts.

Below each of the trusts were several layers of operating and non-operating companies.

The precise relationship between the UK and Canadian branches is among the points of dispute between KPMG and the management of the Canadian companies.

Mr Nick Press, an American consultant who has acted as chief executive of the Canadian group, said that the trading links between the two were minimal and dividend flows non-existent.

Volksbank branches survive takeover

By Ian Rodger in Bern

CREDIT SUISSE said only 62 domestic branches would be closed following its Sfr1.6bn (US\$1.1bn) takeover of Swiss Volksbank in March, significantly fewer than the 100 to 150 forecast at the time of the takeover.

The benefits of the merger were proceeding more rapidly than expected, and the bank expected a Sfr65m operating profit gain from it this year, Mr Josef Ackermann, the chief executive, said at a press conference. "We are confident that we will achieve the planned Sfr250m annual improvement in operating results by the end of 1995. In the medium term, we should do even better," he said.

He added that the bank's operating results in the third quarter continued to be "very good", but warned that provisions for bad loans would remain high because of the recession in Switzerland.

The new branch plan means that the two banks together have the largest network in Switzerland, with 332 outlets.

The group has chosen to cut 35 Credit Suisse branches, but only 37 Volksbank branches, reflecting Volksbank's stronger presence in Swiss retail banking.

Volksbank would continue to be represented throughout the country while Credit Suisse would concentrate on the larger centres and tourist resorts where its international reputation would be a competitive benefit.

The original forecast of 2,000 job losses arising from the merger still held, but the bank hoped to avoid compulsory redundancies, Mr Victor Erne, personnel director, said.

The more modest branch cuts and extraordinary efforts to prevent compulsory redundancies appear to reflect the bank's sensitivity to public reaction to its high profitability at a time of deep recession in Switzerland.

Canadian freight merger in prospect

CANADIAN PACIFIC and Canadian National want to merge or create a joint venture of their eastern Canada freight operations by next spring to stanch losses, writes Robert Gibbons in Montreal.

CP's chairman, Mr William Stinson, told analysts that negotiations for linking up both systems were well advanced and the new federal government being elected on October 25 would be pressed for quick approval. The eastern Canada rail operations of both companies have been losing money for two years.

DMR confident of revenue growth

DMR GROUP, an international information technology group, says strength in its North American operations and better results in Europe will ensure solid revenue growth and sustained improvement in profitability this year, writes Robert Gibbons.

In the first quarter to August 31, revenues climbed 13 per cent to C\$61m (US\$47m) and net profit 10 per cent to C\$837,000, or 6 cents a share.

Berlusconi appoints Fininvest chief

By Robert Graham in Roma

MR Silvio Berlusconi, the Italian media mogul, has carried out a management reshuffle in his family-controlled Fininvest group.

He has brought in Mr Franco Tatò, from the Mondadori publishing subsidiary, to take on the new job of group managing director.

Mr Tatò, aged 61, has a reputation as a tough manager with broad experience having worked for long spells at Olivetti as well as in Germany's Triumph Adler.

This is the first time Mr Berlusconi has sought to bring in a manager with wide overall responsibilities in an organisation which has reflected Mr Berlusconi's personality.

The move has been prompted by plans to raise about L500bn (\$648m) through the flotation of a minority stake in Mr Berlusconi's publishing interests. These are being regrouped in Silvio Berlusconi Editore (Sbe) Mondadori via a reverse takeover of Mondadori.

The Sbe flotation will take place within a matter of weeks, Fininvest said.

Mr Berlusconi's bankers have been pressing for firmer executive control as the group's debt rises and interest charges eat into profits.

The group's published borrowings at the end of last year stood at L3,333bn while profits totalled L21bn.

Rising debts came at a time of flat television advertising revenues while the structure of Italy's commercial television network, dominated by Fininvest, is under discussion.

First-half results for 1993 show a turnover up 14 per cent to L6,268bn with an and-year figure likely to be in the range of L12,000bn. But this, in part, reflects acquisitions and consolidations to the balance sheet.

The cost of debt service at about L550bn is hampering any increase in profits.

Candy, the white goods producer, is to take over the domestic refrigerator and freezer division of Ierna, a small specialist producer based near Milan.

The deal is expected to add half a percentage point to Candy's 6 per cent share of the European white goods market. Although Ierna only produces about 250,000 domestic freezers/refrigerators, it has an important specialist market niche.

Candy, controlled by the Fumagalli family, will be able to use its distribution network and exploit its brand name.

Ierna, controlled by the Valesio family, is understood to have had a 1992 turnover of L200bn. It will retain its industrial refrigerator division.

With residential customers. "Not all customers want the same services from Hongkong Telecom," he says. "Mrs Wong in the New Territories wants one type of telephony service from us and the Hongkong and Shanghai Bank want a very different portfolio of services. So we need to position, to structure ourselves to meet both their differing and legitimate requirements."

It is clear that Mr Howell-Davies expects competition from new entrants to be in niche areas, not an attempt to provide a ubiquitous service.

The segment of Hongkong Telecom's business most under threat will be the big business customers, those who Mercury set its sights on in the UK when it started up.

Competitors are circling. Although its monopoly in international telephony is secure until 2006, American Telephone and Telegraph has tied up with Hutchison Whampoa to provide value-added international services, such as E-mail; British Telecom is setting up a "mode" for its Synordia network; and it faces competition from Singapore Telecom for the bubbling of multi-national companies' international communications.

It faces competition in mobile communications, paging and value-added services. Since the summer, mobile operators have been able to interconnect with Hongkong Telecom's international service, sharing a percentage of the revenue accruing to outgoing calls and receiving a flat rate for incoming calls.

The change in corporate structure which Mr Howell-Davies told staff about this week is seen as the most important management reorganisation the company will conduct in advance of competition.

SEC tightens order flow rulings

By Patrick Harverson in New York

THE US Securities and Exchange Commission voted yesterday in favour of new rules that would require stock brokers to disclose to their customers whenever they receive payments for diverting stock orders to market-making firms.

The practice of brokers steering business to market-makers in return for money or payment in kind, known as "payment for order flow", has been the subject of controversy for several years.

The big established US exchanges such as the New York and American stock exchanges have vigorously attacked payment for order flow.

When brokers are paid by market-makers to divert business their way, it is usually at the expense of the big exchanges, whose members lose the opportunity to execute the buy and sell orders for brokers and their customers.

Market-makers are willing to pay for business because they can make money every time they handle a stock order.

From now on, brokers will have to reveal on the confirmation slips they send out to customers if they have been paid cash or received a rebate or reduced fee to divert the order to a market-maker.

Although payment for order flow remains legal, the SEC has left the door open for an ban on the practice. Customers will now know whenever their brokers receive payments for diverting their orders away from the exchanges, and if enough of them complain to the SEC about the practice, the agency may decide to put a stop to payment for order flow for good.

Oerlikon's Balzers subsidiary, based in Liechtenstein, is a leading supplier of vacuum chambers and thin film coatings for various products from cutting tools to compact discs and the latest flat panel liquid crystal display screens.

Leybold has been Balzers' main competitor in most of these fields. Together, they should account for about 16 per cent of world markets, with much higher shares in particular specialties. Oerlikon said it would maintain the Leybold brand name because of its strength in the market.

The Leybold businesses being acquired have annual sales of about DM800m (\$471m) but have been in loss. Balzers had sales of Sfr468m (\$312m) last year and recovered from a 1991 loss to make a Sfr50m operating profit.

The US and the UK are the company's main hubbing and software-development centres. Its expansion plans centre on western Europe, which is expected to account for 30 per cent of sales this year.

The investment is a further indication of Mr Soros's interest in the telecommunications industry. He is a private investor in privatised Latin American telecommunications companies and is believed to be keen to broaden his telecommunications activities.

Those most under threat will be the big business customers Mercury set its sights on in the UK when it started up

process of responsibility". This, he hopes, will mean that problems are looked at from the customer's perspective and not from a particular product or functional point of view.

When the reorganisation is complete, Mr Howell-Davies believes the company will be able to provide a one-stop service. "Sitting behind the account manager will be the people who are developing products for the customer and the people who will support the selling, installation and maintenance of the service."

The sales and marketing division - now 1,200 strong - will grow by 2,000. The enlarged workforce will service three "marketing business units" (MBUs) which will deal with the 1,000 largest customers; MBUs with the 200,000 to 250,000 small and medium-sized company sector; and MBUs



Howell-Davies: has scars, he says, to prove his credentials

complete. Mr Howell-Davies believes the company will be able to provide a one-stop service. "Sitting behind the account manager will be the people who are developing products for the customer and the people who will support the selling, installation and maintenance of the service."

The sales and marketing division - now 1,200 strong - will grow by 2,000. The enlarged workforce will service three "marketing business units" (MBUs) which will deal with the 1,000 largest customers; MBUs with the 200,000 to 250,000 small and medium-sized company sector; and MBUs

complete. Mr Howell-Davies believes the company will be able to provide a one-stop service. "Sitting behind the account manager will be the people who are developing products for the customer and the people who will support the selling, installation and maintenance of the service."

The sales and marketing division - now 1,200 strong - will grow by 2,000. The enlarged workforce will service three "marketing business units" (MBUs) which will deal with the 1,000 largest customers; MBUs with the 200,000 to 250,000 small and medium-sized company sector; and MBUs

complete. Mr Howell-Davies believes the company will be able to provide a one-stop service. "Sitting behind the account manager will be the people who are developing products for the customer and the people who will support the selling, installation and maintenance of the service."

The sales and marketing division - now 1,200 strong - will grow by 2,000. The enlarged workforce will service three "marketing business units" (MBUs) which will deal with the 1,000 largest customers; MBUs with the 200,000 to 250,000 small and medium-sized company sector; and MBUs

complete. Mr Howell-Davies believes the company will be able to provide a one-stop service. "Sitting behind the account manager will be the people who are developing products for the customer and the people who will support the selling, installation and maintenance of the service."

The sales and marketing division - now 1,200 strong - will grow by 2,000. The enlarged workforce will service three "marketing business units" (MBUs) which will deal with the 1,000 largest customers; MBUs with the 200,000 to 250,000 small and medium-sized company sector; and MBUs

complete. Mr Howell-Davies believes the company will be able to provide a one-stop service. "Sitting behind the account manager will be the people who are developing products for the customer and the people who will support the selling, installation and maintenance of the service."

The sales and marketing division - now 1,200 strong - will grow by 2,000. The enlarged workforce will service three "marketing business units" (MBUs) which will deal with the 1,000 largest customers; MBUs with the 200,000 to 250,000 small and medium-sized company sector; and MBUs

complete. Mr Howell-Davies believes the company will be able to provide a one-stop service. "Sitting behind the account manager will be the people who are developing products for the customer and the people who will support the selling, installation and maintenance of the service."

The sales and marketing division - now 1,200 strong - will grow by 2,000. The enlarged workforce will service three "marketing business units" (MBUs) which will deal with the 1,000 largest customers; MBUs with the 200,000 to 250,000 small and medium-sized company sector; and MBUs

complete. Mr Howell-Davies believes the company will be able to provide a one-stop service. "Sitting behind the account manager will be the people who are developing products for the customer and the people who will support the selling, installation and maintenance of the service."

The sales and marketing division - now 1,200 strong - will grow by 2,000. The enlarged workforce will service three "marketing business units" (MBUs) which will deal with the 1,000 largest customers; MBUs with the 200,000 to 250,000 small and medium-sized company sector; and MBUs

complete. Mr Howell-Davies believes the company will be able to provide a one-stop service. "Sitting behind the account manager will be the people who are developing products for the customer and the people who will support the selling, installation and maintenance of the service."

The sales and marketing division - now 1,200 strong - will grow by 2,000. The enlarged workforce will service three "marketing business units" (MBUs) which will deal with the 1,000 largest customers; MBUs with the 200,000 to 250,000 small and medium-sized company sector; and MBUs

complete. Mr Howell-Davies believes the company will be able to provide a one-stop service. "Sitting behind the account manager will be the people who are developing products for the customer and the people who will support the selling, installation and maintenance of the service."

The sales and marketing division - now 1,200 strong - will grow by 2,000. The enlarged workforce will service three "marketing business units" (MBUs) which will deal with the 1,000 largest customers; MBUs with the 200,000 to 250,000 small and medium-sized company sector; and MBUs

complete. Mr Howell-Davies believes the company will be able to provide a one-stop service. "Sitting behind the account manager will be the people who are developing products for the customer and the people who will support the selling, installation and maintenance of the service."

The sales and marketing division - now 1,200 strong - will grow by 2,000. The enlarged workforce will service three "marketing business units" (MBUs) which will deal with the 1,000 largest customers; MBUs with the 200,000 to 250,000 small and medium-sized company sector; and MBUs

complete. Mr Howell-Davies believes the company will be able to provide a one-stop service. "Sitting behind the account manager will be the people who are developing products for the customer and the people who will support the selling, installation and maintenance of the service."

The sales and marketing division - now 1,200 strong - will grow by 2,000. The enlarged workforce will service three "marketing business units" (MBUs) which will deal with the 1,000 largest customers; MBUs with the 200,000 to 250,000 small and medium-sized company sector; and MBUs

complete. Mr Howell-Davies believes the company will be able to provide a one-stop service. "Sitting behind the account manager will be the people who are developing products for the customer and the people who will support the selling, installation and maintenance of the service."

The sales and marketing division - now 1,200 strong - will grow by 2,000. The enlarged workforce will service three "marketing business units" (MBUs) which will deal with the 1,000 largest customers; MBUs with the 200,000 to 250,000 small and medium-sized company sector; and MBUs

complete. Mr Howell-Davies believes the company will be able to provide a one-stop service. "Sitting behind the account manager will be the people who are developing products for the customer and the people who will support the selling, installation and maintenance of the service."

The sales and marketing division - now 1,200 strong - will grow by 2,000. The enlarged workforce will service three "marketing business units" (MBUs) which will deal with the 1,000 largest customers; MBUs with the 200,000 to 250,000 small and medium-sized company sector; and MBUs

complete. Mr Howell-Davies believes the company will be able to provide a one-stop service. "Sitting behind the account manager will be the people who are developing products for the customer and the people who will support the selling, installation and maintenance of the service."

The sales and marketing division - now 1,200 strong - will grow by 2,000. The enlarged workforce will service three "marketing business units" (MBUs) which will deal with the 1,000 largest customers; MBUs with the 200,000 to 250,000 small and medium-sized company sector; and MBUs

Soros takes undisclosed investment in Viatel

By Andrew Adonis

MR George Soros, the international financier, has made an investment in Viatel, a small but fast-growing private telecommunications services company which plans to come to market in London and New York next year.

Viatel, founded two years ago by Mr Martin Varsavsky, a New York-based entrepreneur, sells software-based telecommunications services, mainly to small and medium-sized businesses in Latin America and western Europe.

The company's revenue has grown to \$7m last year from about \$360,000 in 1991. It had sales for the first quarter of this year of \$4.3m and projects sales of \$25m for 1993.

The size of Mr Soros's stake in Viatel is undisclosed. About 80 per cent of the company is owned by Mr Varsavsky. Mr Soros and one other private investor, associated with the merchant bank Goldman Sachs, hold the remaining 20 per cent between them.

Viatel is one of a growing number of small telecommunications service companies exploiting the liberalising international telecommunications régime to provide value-added services on the back of existing national telecommunications networks.

The US and the UK are the company's main hubbing and software-development centres. Its expansion plans centre on western Europe, which is expected to account for 30 per cent of sales this year.

The investment is a further indication of Mr Soros's interest in the telecommunications industry. He is a private investor in privatised Latin American telecommunications companies and is believed to be keen to broaden his telecommunications activities.

Viatel is one of a growing number of small telecommunications service companies exploiting the liberalising international telecommunications régime to provide value-added services on the back of existing national telecommunications networks.

The US and the UK are the company's main hubbing and software-development centres. Its expansion plans centre on western Europe, which is expected to account for 30 per cent of sales this year.

The investment is a further indication of Mr Soros's interest in the telecommunications industry. He is a private investor in privatised Latin American telecommunications companies and is believed to be keen to broaden his telecommunications activities.

Viatel is one of a growing number of small telecommunications service companies exploiting the liberalising international telecommunications régime to provide value-added services on the back of existing national telecommunications networks.

The US and the UK are the company's main hubbing and software-development centres. Its expansion plans centre on western Europe, which is expected to account for 30 per cent of sales this year.

The investment is a further indication of Mr Soros's interest in the telecommunications industry. He is a private investor in privatised Latin American telecommunications companies and is believed to be keen to broaden his telecommunications activities.

Viatel is one of a growing number of small telecommunications service companies exploiting the liberalising international telecommunications régime to provide value-added services on the back of existing national telecommunications networks.

The US and the UK are the company's main hubbing and software-development centres. Its expansion plans centre on western Europe, which is expected to account for 30 per cent of sales this year.

The investment is a further indication of Mr Soros's interest in the telecommunications industry. He is a private investor in privatised Latin American telecommunications companies and is believed to be keen to broaden his telecommunications activities.

Coca-Cola unit in bottle deal

By Nikl Tait in Sydney

COCA-COLA Amatil, the stock market listed Australian snacks and beverage group in which Atlanta-based Coca-Cola holds a majority stake, plans to acquire control of an Indonesian bottling company, P. T. Djaya Beverage Bottling. It is paying about US\$46m.

DBBC is the Coca-Cola franchise bottler for Jakarta and adjacent parts of the Jakarta metropolitan area, one of the most heavily populated and prosperous centres in the region, and has about 30 per cent of Coca-Cola system sales in Indonesia.

CCA already owns 49 per cent interests in two other Indonesian joint venture bottling companies - Pan Java and Tirtalina - with about half the system sales.

CCA will acquire DBBC in exchange for shares. The majority shareholder in DBBC is Indonesian Bottlers (IBL), which will receive 5.88m shares in CCA.

The two minority shareholders are Coca-Cola Holdings (Asia), which has a 25 per cent interest and Mikumi Coca-Cola Bottling Company with about 20 per cent.

At current stock market prices for CCA and ruling exchange rates, they are expected to receive about 1.6m shares and 1.1m shares respectively.

The deal is subject to various regulatory approvals. Assuming it is completed as planned, the interest held by Coca-Cola in the US in Coca-Cola Amatil will be slightly diluted, but will remain above the 50 per cent level.

CCA shares rose slightly yesterday, to A\$3.60.

Amcor, the paper and packaging group, expects that the A\$415m (US\$276m) acquisition of Associated Pulp and Paper Mills, the pulp and paper arm of North Broken Hill Peko, will improve both its overall profits and its earnings per share.

Amcor said the purchase should be completed at the end of this month.

Amcor said the purchase should be completed at the end of this month.

Amcor said the purchase should be completed at the end of this month.

Amcor said the purchase should be completed at the end of this month.

Amcor said the purchase should be completed at the end of this month.

Amcor said the purchase should be completed at the end of this month.

Amcor said the purchase should be completed at the end of this month.

Amcor said the purchase should be completed at the end of this month.

Amcor said the purchase should be completed at the end of this month.

Amcor said the purchase should be completed at the end of this month.

Amcor said the purchase should be completed at the end of this month.

Amcor said the purchase should be completed at the end of this month.

Amcor said the purchase should be completed at the end of this month.

Amcor said the purchase should be completed at the end of this month.

Amcor said the purchase should be completed at the end of this month.

Amcor said the purchase should be completed at the end of this month.

Amcor said the purchase should be completed at the end of this month.

Amcor said the purchase should be completed at the end of this month.

Amcor said the purchase should be completed at the end of this month.

Sogedit INVITATION TO PRESENT OFFERS FOR THE ACQUISITION OF IL GIORNO Nuova Same

SOEDIT S.p.A., an Italian company based in Rome, P.le Enrico Mattei, 1, with a fully paid-up share capital of L16,927,110,000, number 9401/91 on the Companies Register in the Court of Rome ("SOEDIT"), intends to acquire and evaluate offers by single parties to acquire, jointly or separately, the "IL GIORNO" business and 100% of the share capital of its Nuova Same S.p.A. subsidiary, based in Milan, P.zza Cavour, 2.

The businesses to be sold are the following:

- the "IL GIORNO" business, part of SOEDIT, active in the editing, publishing and national distribution of the daily newspaper "IL GIORNO". Turnover 1992 approximately L105 billion.

- Nuova Same S.p.A., with a fully paid-up share capital of L10 billion, active in the typesetting and printing of newspapers, with three production facilities in Milan. Turnover 1992 approximately L105 billion.

SOEDIT has retained Hambros Bank Limited ("Hambros") to assist it for the purposes of this transaction. Interested parties should direct any enquiries to the following:

Hambros Bank Limited
41 Tower Hill, London EC3N 4HA, UK
Tel: +44 71-480 5000 Fax: +44 71-702 9727
Attn: Ludovico Rosnati

HAMBROS

This invitation is extended only to limited liability companies. Interested parties should request in writing to Hambros, by letter or by fax, copies of the information memorandum describing the above and the text of the confidentiality

INTERNATIONAL CAPITAL MARKETS

Bunds hit highs on Bundesbank chief's comments

By Sara Webb in London and Patrick Harverson in New York

THE GERMAN government bond market climbed to new highs again, spurred on by heavy futures buying by traders, hedge funds and short-term accounts.

The market took cheer from a newspaper interview with Mr Hans Tietmeyer in which the Bundesbank president said he could not rule out further cuts.

GOVERNMENT BONDS

In short-term interest rates, as money supply growth was slowing and inflation was likely to ease.

With the Russian crisis abating, dealers said the market is focusing on economic data, in particular the money supply and inflation figures which are due out in the third week of October.

The Bundesbank yesterday raised the lowest accepted rate for its variable-rate 35-day repo by one basis point to 6.71 per cent, but the announcement failed to ruffle the bund market.

"It was a tight repo, but it's

basically a sign the Bundesbank is pressing the pause button," said Ms Allison Coltrane, economist at Midland Global Markets.

"The long end has had its run, but the short end of the European markets haven't discounted the likelihood of rate cuts in Germany and France yet," she added.

The bund futures contract opened at 99.45 and reached a high of 99.79, before slipping back to 99.62 by late afternoon.

FRENCH government bonds came off their highs, but closed up on the day. The futures contract settled 14 basis points higher at 124.16, against a high of 124.28. One dealer pointed out: "Both 10-year German and French government bonds are yielding around 6 per cent and there is strong resistance at those levels."

UK government bonds took their cue from Germany, gaining about a quarter of a point. "The gilt market continues to look firm, taking the view that interest rates are pointing downwards," said Mr John Kendall, economist at Baring Sterling Bonds.

The Life gilt futures con-

FT FIXED INTEREST INDICES									
	Oct 5	Oct 6	Oct 7	Oct 8	Oct 9	Oct 10	Oct 11	Oct 12	Oct 13
Bond Index	102.54	102.26	102.05	102.04	102.07	102.07	102.06	102.06	102.07
Fixed Interest	123.47	123.19	122.84	122.85	122.98	122.98	122.98	122.98	122.98
100 Government Securities	102.05	101.95	101.85	101.85	101.85	101.85	101.85	101.85	101.85
100 Government Securities	102.05	101.95	101.85	101.85	101.85	101.85	101.85	101.85	101.85
100 Government Securities	102.05	101.95	101.85	101.85	101.85	101.85	101.85	101.85	101.85

GILT EDGED ACTIVITY									
	Oct 5	Oct 6	Oct 7	Oct 8	Oct 9	Oct 10	Oct 11	Oct 12	Oct 13
100 Government Securities	102.05	101.95	101.85	101.85	101.85	101.85	101.85	101.85	101.85
100 Government Securities	102.05	101.95	101.85	101.85	101.85	101.85	101.85	101.85	101.85
100 Government Securities	102.05	101.95	101.85	101.85	101.85	101.85	101.85	101.85	101.85

tract traded in a range of 113.24 to 114.05, and ended at 114.00, a gain of 0.09 on the day. Dealers noted some unofficial supply of gilts by the Bank of England as the market reached the higher levels.

RUMOURS of unexpected new supply dealt a blow to the Japanese government bond market, pushing cash and futures prices sharply lower in the afternoon trading session. Dealers said rumours swept the market that the Ministry of Finance had contacted one of the big Japanese banks about the question of additional financing through the bond market.

The December futures contract, which had traded in a range of 113.38 to 113.51 in the

BENCHMARK GOVERNMENT BONDS									
	Coupon	Price	Change	Yield	Week	Month	Year	5 Year	10 Year
Australia	9.000	102.03	+0.01	6.33	6.68	6.68	6.68	6.68	6.68
Belgium	9.000	102.03	+0.01	6.33	6.68	6.68	6.68	6.68	6.68
Canada	7.500	102.03	+0.01	6.33	6.68	6.68	6.68	6.68	6.68
Denmark	8.000	102.03	+0.01	6.33	6.68	6.68	6.68	6.68	6.68
France	5.750	115.00	+0.01	5.55	5.57	5.57	5.57	5.57	5.57
Germany	6.500	102.03	+0.01	6.33	6.68	6.68	6.68	6.68	6.68
Italy	10.000	102.03	+0.01	6.33	6.68	6.68	6.68	6.68	6.68
Japan	10.000	102.03	+0.01	6.33	6.68	6.68	6.68	6.68	6.68
Netherlands	7.000	102.03	+0.01	6.33	6.68	6.68	6.68	6.68	6.68
Spain	10.000	102.03	+0.01	6.33	6.68	6.68	6.68	6.68	6.68
UK Gilts	7.250	102.03	+0.01	6.33	6.68	6.68	6.68	6.68	6.68
US Treasury	8.250	102.03	+0.01	6.33	6.68	6.68	6.68	6.68	6.68

up at 103.87, yielding 5.98 per cent. At the short end of the market, the two-year note was up at 100.4, to yield 3.825 per cent.

Prices edged higher at the opening, but for the second consecutive day trading activity on the bond market was restrained by an unwillingness among dealers and investors to commit funds ahead of the September employment report, which is due to be published by the Labor department tomorrow.

Analysts are expecting an increase in non-farm payrolls of about 150,000, but concern that the data could include a surprising number, as happened last month when the August figures were released showing an unexpected decline in payrolls, kept many players on the sidelines.

Finland gains favourable pricing for £500m offering

By Antonia Sharpe in London and David Waller in Frankfurt

FINLAND achieved its best pricing for five years yesterday when it raised £500m through an offering of seven-year Eurobonds. The all-in cost of the funds, which were kept in sterling, was thought to be 16 basis points over the London interbank offered rate (Libor).

Syndicate managers said that the radical improvement in the spread which Finland paid over UK government bonds provided more proof that international investors no longer harboured doubts about the sovereign borrower.

Finland's bonds were priced to yield 37 basis points over the 9 per cent UK government bond due 2000, well below the spread of 60 basis points that Finland had to pay in March for a deal of the same size but with a 10-year maturity.

That offering was launched only days after Standard & Poor's cut Finland's credit rat-

ing by two notches to AA minus and at a time when Finland was borrowing heavily in the international bond market.

Finland has been a less frequent borrower since the first quarter of this year, opting instead to increase its issuance in its domestic bond market.

INTERNATIONAL BONDS

An improvement in Finland's current account position has also kept its net borrowing requirement down.

Investors were also keen to buy the offering which they believed would be Finland's last big issue this year. A senior finance ministry official said yesterday that Finland was close to reaching its foreign borrowing target of around \$8bn.

The D-Mark rose to 99.79 in the late afternoon, up from its re-offer price of 99.65, and the spread tightened accordingly.

Around 25 per cent of the bonds were placed in Asia and the rest in Europe.

Depla, Germany's largest mortgage bank, is expected to launch a Eurosterling issue of around £500m in the near future, via Salomon Brothers and UBS. Turkey is also likely to tap the Eurosterling sector with a 10-year offering, via S.G. Warburg.

The World Bank gave details of its first D-Mark global bond offering, which will be lead managed by Deutsche Bank and Salomon Brothers.

Mrs Jessica Einhorn, the World Bank's treasurer, said at a presentation in Frankfurt that the fixed-rate issue was likely to raise about DM3bn and have a maturity of five to 10 years. The World Bank expects to achieve a spread within 10 basis points above the yield on underlying German government bonds.

The D-Mark, which was active yesterday as the European Investment Bank raised

DM500m through an issue of five-year Eurobonds. The bonds were priced at nine basis points over the yield on the Bobl series 107 of medium-term German government bonds.

The issue was seen to be tightly priced and the bonds traded at 100.20 in the late afternoon, just outside fees.

Bank Austria, Austria's largest bank, got a better reception for its DM250m offering of 10-year Eurobonds which were priced at a spread of 22 basis points over underlying German government bonds. The bonds rose to 99.60 bid from a

re-offer price of 99.375.

The pricing of GECC's FF1.5bn five-year offering was viewed as aggressive which caused the bonds to fall to 98.75 bid from a re-offer price of 98.89 and the spread widened by two basis points to 22 basis points.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount	Coupon	Price	Maturity	Fee	Spread	Book runner
Korea Electric Power Corp.	190	4.50	99.332R	Oct 1998	0.225R	+45 (14%+96)	Merrill Lynch Int.
Korea Electric Power Corp.	165	4.125	99.57R	Oct 1998	0.1875R	+45 (14%+96)	Merrill Lynch Int.
Korea Capital	150	6.00	99.57R	Nov 1998	0.375R	+125 (14%+96)	Morgan Stanley Int.
El Puerto de Liverpool	100	7.25	98.54R	Oct 1998	0.50R	+320 (14%+96)	Laurent Freres & Co
D-MARKS							
European Investment Bank	500	5.75	101.86	Oct 1998	1.825	+22 (14%+96)	Westdeutsche Landesbank
Bank Austria	250	6.125	99.375R	Nov 2003	0.325R	+22 (14%+96)	Dresdner Bank
STERLING							
Republic of Finland	500	7.00	99.65R	Oct 2000	0.30R	+37 (9%+96)	BZW JP Morgan Securities
FRENCH FRANCS							
General Electric Capital Corp	1.5bn	5.50	98.89R	Oct 1998	0.25R	+20 (14%+96)	Barclays Bank (France)
PERU							
Kingdom of Denmark	1.5bn	6.00	100R	Oct 1998	0.30R	+20 (14%+96)	Barclays Bank (Denmark)
SWISS FRANCS							
Swiss Viny Industry Co. (c.a.)	100	0.375	100R	Oct 1997	-	-	Yamaichi Bank (Switz.)

Final terms and non-callable unless stated. The spread shown for relevant government bonds at launch is supplied by the lead manager. *Private placement, **Fixed equity warrants. **Floating rate note, **Semi-annual coupon, **Fixed interest price; fees are shown at the re-offer level. **Priced today. **Coupon pays 10% fixed for 1st 8 months and 15.5% 6-month Libor thereafter. **Filing: 13/10/93.

MARKET STATISTICS

FT/ISMA INTERNATIONAL BOND SERVICE									
	Issued	Offer	Yield	Offer	Yield	Offer	Yield	Offer	Yield
US DOLLAR STRAIGHTS									
Ally Bank Treasury 03/03	100	103.14	10.00	103.14	10.00	103.14	10.00	103.14	10.00
Ally Bank Treasury 03/03	100	103.14	10.00	103.14	10.00	103.14	10.00	103.14	10.00
Ally Bank Treasury 03/03	100	103.14	10.00	103.14	10.00	103.14	10.00	103.14	10.00

RISES AND FALLS YESTERDAY

LONDON RECENT ISSUES									
	Issue	Amount	Price	Yield	Offer	Yield	Offer	Yield	Offer
British Funds									
British Funds									
British Funds									

FIXED INTEREST STOCKS

RIGHTS OFFERS									
	Issue	Amount	Price	Yield	Offer	Yield	Offer	Yield	Offer
British Funds									
British Funds									
British Funds									

TRADITIONAL OPTIONS

FT-SE ACTUARIES INDEXES									
	Index	Value	Change	Yield	Offer	Yield	Offer	Yield	Offer
British Funds									
British Funds									
British Funds									

PRICE INDICES

AVERAGE GROSS REDEMPTION YIELDS									
	Index	Value	Change	Yield	Offer	Yield	Offer	Yield	Offer
British Funds									
British Funds									
British Funds									

FT-SE ACTUARIES INDEXES

AVERAGE GROSS REDEMPTION YIELDS									
	Index	Value	Change	Yield	Offer	Yield	Offer	Yield	Offer
British Funds									
British Funds									
British Funds									

Bright outlook for commercial property loans securitisation

By Antonia Sharpe

AN unwillingness among banks to lend directly to commercial property developers following the property crash of the late 1980s has opened up a potentially huge market in securitising commercial property loans.

Securitisation is a funding process which allows banks to take loans off their balance sheet, thereby removing the risk of default and freeing up capital.

This is achieved by the banks placing these assets in a special-purpose vehicle which then raises money by selling debt securities to investors. The interest payments on the these so-called "mortgage-backed" or "asset-backed" securities are funded by repayments on the loans.

The securitisation of residential and commercial property loans is already widespread in the US and is starting to take off in the UK. Last week National Westminster Bank launched its first issue of mortgage-backed notes which raised £300m.

However, the securitisation of commercial property loans is still at an early stage, says Mr Bob Wilson, global product manager at Nomura Securities International, the US arm of the Japanese securities house.

In the US, the volume in

securities backed by commercial property loans is currently around \$12bn. Most of these securities were issued by the Resolution Trust Corp, the US federal agency charged with clearing up the debts caused by the collapse of US savings and loan institutions in the late 1980s.

The RTC is expected to bow out of the market in the next year since it has almost completed the job it set out to do. Mr Wilson anticipates that \$300bn worth of commercial property loans will need to be refinanced over the next three years. "There will be no new money coming from the S&Ls and only a little from the banks so the secondary market will need to provide most of the capital," he said.

Nomura aims to be one of the leading players in the securitisation of commercial property loans. It is committed to act as a principal in such transactions. It plans to use its global network to distribute the securities.

The main attraction of securities backed by commercial property loans is that they offer a much higher yield than corporate bonds with a similar rating. Pension funds, banks and insurance companies looking to match long-term liabilities are the main buyers of these assets.

Hagemeyer raises \$120m in private US placement

By Sara Webb

HAGEMEYER, the Dutch-based international trading house, has raised \$120m through a private placement in the US market.

The funding, which is thought to be the first private placement by a Dutch company in the US, will be used to help pay for the acquisition of Newey & Eyre, the Birmingham-based electrical distributor.

Several foreign companies, mainly from the UK, have flocked to the US private placement market in recent

months attracted by the ready availability of long-term funding at relatively favourable rates.

US interest rates are at their lowest levels for 16 years. Hagemeyer is issuing \$120m of notes with maturities ranging from five to 12 years, with an average life of eight years. Few UK banks are willing to lend money to corporate borrowers at such long maturities.

The notes were priced to yield between 85 basis points and 85 basis points over the corresponding US Treasury bonds, which gives an average borrowing cost of 5.95 per cent.

look for
1 property
itisation

securities backed by commercial property loans is currently around 50p. Most of these securities were issued by the Resolution Trust Corp. after the federal agency charged with clearing up the debts caused by the collapse of US savings and loan institutions in the late 1980s.

The RTC is expected to be out of the market in the next year since it has almost completed the sale of its assets.

Mr. Walker, who has a \$300bn worth of commercial property loans, will need to refinance over the next three years. "There will be no money coming from the state and only a little from the banks to the extraordinary money will need to provide more capital," he said.

Mr. Walker is one of the leading players in the securitisation of commercial property. He is a member of the \$100bn worth of assets in such transactions. It is to be expected that the market will be a significant part of the economy.

The main attraction of securities backed by commercial property is that they offer a high return with low risk. They are also rated by Moody's and Standard & Poor's, which adds to their appeal.

raises \$120m
S placement

Eric Emmerson buying Pocklington again

POCKLINGTON Blocks, the York-based manufacturer of concrete floors and staircases, has been bought for the second time by the man who rescued it from receivership in 1982, writes Ian Hamilton Faze.

The company, part of Bardonia Group since 1988, has been sold to Mr Eric Emmerson for \$2.4m.

The sale is a small divestment of a non-core business by Bardonia, the building group which last month reported interim losses of \$59.5m, including a \$60m provision for a US investment it plans to sell.

31's Leeds office has provided \$500,000 of equity, with Midland Bank covering loans and \$600,000 of working capital.

EST INDICES

Bank of Scotland 1993 Interim Results

	6 months ended 31 August 1993 (unaudited)	6 months ended 31 August 1992 (unaudited)	Year ended 28 February 1993
OPERATING PROFIT BEFORE PROVISIONS	£288.2m	£207.1m	£487.9m
PROFIT BEFORE TAXATION	£117.8m	£74.2m	£125.3m
TOTAL CAPITAL RESOURCES	£2,248m	£1,981m	£2,252m
TOTAL ASSETS	£29,418m	£27,124m*	£29,008m*
EARNINGS PER ORDINARY STOCK UNIT	5.4p	3.2p	5.0p
DIVIDEND PER ORDINARY STOCK UNIT	1.87p	1.77p	4.57p

*Restated

Pre-tax profit £117.6 million - up 58 per cent
Net dividend increased by 5.6 per cent
Cost income ratio 49.6 per cent (1992 - 54.7 per cent)

BANK OF SCOTLAND
A FRIEND FOR LIFE

For a copy of the Group's Interim Report please contact the Marketing and Public Relations Department, Bank of Scotland, 100 George Street, Glasgow G2 7LJ, or PO Box 12, 61 Grosvenor, Edinburgh EH1 2LP.

Grants of St James seen as a perfect fit with significant cost benefits Matt Clark seeks £30m for buy

By Peggy Hollinger

MATTHEW CLARK yesterday offered shareholders the sweetener of a 7.5 per cent dividend increase to 18p as the drinks group launched its second rights issue in four months to fund an acquisition.

Shareholders, who provided £13m in June to buy a drinks wholesaler, were yesterday asked to contribute £30m through a 3-for-5 rights issue at 375p to fund the purchase of Grants of St James, the wines and spirits supplier, from the Hiram Walker offshoot of Allied-Lyons.

The shares, which were suspended last week following speculation over the acquisition, closed at 498p.

Mr Peter Aikens, chief executive, said Grants and Clark were "a mirror image... they are a perfect fit". Both groups had a branded wine business and a drinks wholesale division.

Allied-Lyons said that following a strategic review earlier this year light wine and wholesaling was not considered to be a priority.

Mr Aikens said there were significant cost benefits to be achieved by merging the two businesses. He expected annualised cost savings of about £8.5m to begin to feed through in the new year.

The acquisition would also strengthen Clark's ability to take advantage of the opportunities provided by a rapidly changing drinks sector. Mr Aikens said it has been estimated that between 700 and 800 pubs would eventually be free to choose their suppliers following last week's announcement that Grand Metropolitan was selling its Chef & Brewer estate to Scottish & Newcastle.

Over the last three years, Clark has been restructured away from its original role as agency for a few branded drinks to a producer, wholesaler and supplier. It owns Stone's Original Ginger Wine and last year purchased Strathmore bottled water.

Grants is a leading company in the wine-in-a-box sector, claiming 40 per cent of the UK market with brands such as Stowell's of Chelsea.

Mr Aikens said he expected the acquisition to enhance earnings this year. Rationalisation costs of about £10m will be provided for in the balance sheet. Analysts, who had been expecting pre-tax profits of about £2m for the year to April 30, are revising forecasts to about £10m.

Clark will make an initial cash payment of £28m for the business and assets of Grants. There will be a further payment of about £2.5m on completion.

The acquisition follows the purchase in July of Freetrade, a drinks wholesaler. Mr Aikens said Freetrade had shown solid growth since its acquisition with a 37 per cent increase in profits before interest and tax to at least £3.2m.



Peter Aikens, centre, with Peter Huntley, Clark's business development director, left, and Hugh Etheridge, finance director

SE probe as Drew issues warning

By Richard Gourley

DREW Scientific, the maker of medical diagnostic kits, yesterday issued a profits warning less than six months after coming to the market, and days after a sharp fall in the share price.

The announcement that there would be a pre-tax loss of £280,000 in the six months to September 30 was timed to coincide with the close of the stock market.

Drew said that for the last three months it has been unable to ship the only product it produces, a kit that helps doctors monitor the management of diabetes.

Mr Trevor Barker, chairman, has asked the Stock Exchange to investigate recent trading in the share price. "I want to know why there was a leak," Mr Barker said.

He said that while Drew had known since July about the problem with valves it buys for its kits in the US, it could not quantify the extent of the problem and had not made an announcement.

Advisers at Credit Lyonnais Laing, said the directors should have been aware that there was a danger of a false market in their shares once shipment of the only product was suspended.

Mr Barker said the company had wanted to wait until it could announce that shipment had been resumed.

Drew was floated in May at 105p and the shares jumped to 150p valuing the company at about £40m. Directors took about £3m in cash from the sale of shares, with Mr Drew, still one of the largest shareholders, taking £1.3m.

Since then the share price fell to 105p before last Friday when it dropped another 20p. It closed yesterday unchanged at 80p before the announcement.

Mr Barker said that since the float the company had met problems. "None of this was known when we issued the prospectus," he said.

Mr Andrew Kenney, research and development director, said the "working hypothesis" was that "the mistake we may have made is not saying anything publicly since the floatation."

At the time of launch, Drew did not make a profits forecast. But based on assumptions about the number of kits that would be shipped, brokers were steered towards a pre-tax profit figure for the year of about £2m.

Drew also said yesterday that the US Food and Drug Administration had approved a new G15 diagnostic kit which should enjoy larger sales.

The profits warning will be particularly embarrassing for Close Brothers, which brought the company to the market in a placing, and its advisers.

Amber Day pulls out of imports and distribution

By Andrew Bolger

SHARES IN Amber Day Holdings fell by 14p to 56p after the controversial retailer said it was withdrawing from the import and distribution business and would concentrate on What Everyone Wants, its Glasgow-based discount retail chain.

Mr Peter Carr, who took over as chairman in August after a boardroom split, also warned that the group's results for the year to July 31 - which will be reported in November - would be depressed by charges totalling not more than £8.5m.

The bulk of this will relate to the disposal of the group's import and distribution business, which has offices in London and Sri Lanka.

However, a substantial chunk will also go on compensation to former directors.

A payment of £1.13m was made to Mr Philip Green, who stepped down as chairman and chief executive last September after the group reported a drop in last year's profits from £10.1m to £7.5m.

This year's results should also reveal how much compensation was paid to Mr Stacey Ellis, who stepped down as chairman in August, only seven months after he joined the group in an attempt to rebuild its credibility.

The third element in the charges will be a further exceptional provision for the group's former men's wear division, which was sold during the previous financial year.

This mainly covers write-downs on property and is in addition to the £5.9m exceptional charge which the group took when it sold the division last year.

Mr Carr said: "The board believes that it is important to take these measures now, recognising the need to clear the impositions of the past, in order to devote skills and resources to the core business of the group, What Everyone Wants."

Trading at What Everyone Wants in 1992-1993 continued satisfactorily, with the underlying trend of sales and profits ahead of the previous year, despite difficult trading conditions. However, the group warned that operating profit of the chain would show a small decline as a consequence, principally, of a non-recurring change in accounting method for stock mark-downs.

"The board is confident of the opportunity that exists in the British discount retail sector, as well as the growth potential of What Everyone Wants within it and a strategy for expansion is in the final stages of preparation."

Amber Day said it intended to recommend a final dividend which, taken with the interim of 1.1p, would "form a base from which to grow the dividend in future years."

Gold Greenlees shares fall 50p after profits warning

By Diane Summers, Marketing Correspondent

SHARES IN Gold Greenlees Trott fell by 50p to 255p yesterday after the advertising and marketing services group warned that City profit forecasts for the year ending next April were "optimistic".

The group, which had a £14.7m rights issue in February at 235p a share to fund acquisitions, said it expected that interim results would "justify the maintenance of the interim dividend" and, for the full year, pre-tax profits should exceed last year's £4.3m.

Analysts had been forecasting pre-tax profits for the year of between £6m and £6.5m; yesterday they dropped to about £4.5m after the warning was issued.

Recovery in both advertising and sales promotion activities in the UK has been slower than anticipated, GGT said. This had resulted in the deferral and reduction of spending by a number of clients.

"Although the board remains encouraged by the number of new business pitches by both the North American and UK agencies, these are unlikely to have the impact on this year's profitability that was originally anticipated," the group added.

GGT said earnings per share would be reduced, but a temporary reduction in the dividend cover would be justified because of its "strong balance sheet, positive cash position and good long-term prospects". These factors would be taken into account "in considering the appropriate level of full-year dividend," it said.

At the time of the February cash call, Mr Michael Greenlees, chairman, said he saw "considerable room for growth" in existing business.

In June, a joint venture was formed with GGT, the privately-owned European agency network, with both sides putting £3m cash into the new company.

In the year to April 30, GGT reported pre-tax profits 6 per cent higher at £4.32m. Turnover rose 18 per cent to £275.4m and the final dividend was 5p on capital increased by the rights issue, making an unchanged 8.3p for the year.

Invergordon bid would be 'inadequate'

By Maggie Urry

INVERGORDON Distillers, the scotch whisky distiller, said that if a bid were made for the company at 300p it would be "inadequate" and would "fail to reflect the strategic value" of Invergordon. The statement was made after the market closed with the shares up 6p at 294p.

The announcement followed a joint statement from Whyte & Mackay, the UK drinks subsidiary of American Brands, and Fleming Investment Management on Tuesday, which said they were in talks that might lead to FIM selling its 13.6 per cent stake in Invergordon to WM.

If WM bought the stake it would be obliged to bid for the whole of Invergordon as it already holds 41 per cent of its shares, the legacy of an unsuccessful bid two years ago which was pitched at 275p. FIM had supported Invergordon then.

Under the Takeover Code, WM would have to offer shareholders at least the same price that it paid to FIM.

WM and FIM have not publicly stated the possible price at which FIM might sell. A price of 300p has been mentioned in the press, with FIM reported to have rejected that amount.

Invergordon said yesterday that WM was "denying the Invergordon board the opportunity to represent the interests of all shareholders" by not putting the proposals directly to it. It is to write to shareholders shortly and advise them what action to take.

Invergordon is advised by Robert Fleming, the merchant bank, while FIM, the investment management arm of Robert Fleming, is being advised on this issue by SG Warburg.

Eric Emmerson buying Pocklington again

POCKLINGTON Blocks, the York-based manufacturer of concrete floors and staircases, has been bought for the second time by the man who rescued it from receivership in 1982, writes Ian Hamilton Faze.

The company, part of Bardonia Group since 1988, has been sold to Mr Eric Emmerson for \$2.4m.

The sale is a small divestment of a non-core business by Bardonia, the building group which last month reported interim losses of \$59.5m, including a \$60m provision for a US investment it plans to sell.

31's Leeds office has provided \$500,000 of equity, with Midland Bank covering loans and \$600,000 of working capital.

Abtrust raising £50m

ABTRUST Fund Managers is attempting to raise £50m to invest in emerging markets in the Far East, Asia, Europe and Latin America in a new investment trust.

Abtrust has received undertakings to subscribe for £27.5m from institutions and financial intermediaries.

The initial net asset value will be between 95.5 and 96 per cent of the gross proceeds of the offer because of start-up costs.

The new trust has a simple capital structure and offers a minimum investment of 2,000 ordinary shares at 100p each. For every five shares subscribed one warrant with a life of 15 years will be issued.

The warrant gives its owner the right to subscribe for one ordinary share at 100p in any one of the years from 1995 to 2008.

The offer opened yesterday and closes on October 27. Dealings are expected to begin on November 4.

Shepherd Neame rises 15%

DESPITE discounting by competitors, Shepherd Neame, the independent Kent-based brewer, lifted pre-tax profits by 15.5 per cent over the 12 months to June 26.

The increase - from £4.07m to £4.7m - was achieved on turnover ahead some 9 per cent to £39.1m, including trading from the 58 houses leased from Whitbread since May 1992. Sales through the group's tenanted pubs improved 5 per cent.

Earnings per £1 share emerged at 54.4p (45.6p). A final dividend of 13.75p brings the total to 17.5p, an increase of just over 11 per cent.

NEW ISSUES October 6, 1993

FannieMae

\$800,000,000
4.875% Debentures
Dated October 12, 1993 Due October 15, 1998
Interest payable on April 15, 1994 and semiannually thereafter.

Series SM-1998-S Cusip No. 31359C AE5
Callable on or after October 15, 1996
Price 99.9375%

\$500,000,000
5.45% Debentures
Dated October 12, 1993 Due October 10, 2003
Interest payable on April 10, 1994 and semiannually thereafter.

Series SM-2003-G Cusip No. 31359C AF2
Non-Callable
Price 99.953125%

The debentures of October 15, 1996 are redeemable on or after October 15, 1996. The debentures of October 10, 2003 are not redeemable before maturity. The debentures of October 15, 1998 are redeemable in whole or in part at the option of the Corporation at any time (and from time to time) on or after the initial redemption date at a redemption price of 100% of the principal amount redeemed plus accrued interest thereon to the date of redemption.

The debentures are the obligations of the Federal National Mortgage Association, a corporation organized and existing under the laws of the United States, and are issued under the authority contained in Section 304(b) of the Federal National Mortgage Association Charter Act (12 U.S.C. 1716 et seq.).

The debentures, together with any interest thereon, are not guaranteed by the United States and do not constitute a debt or obligation of the United States or of any agency or instrumentality thereof other than Fannie Mae.

This offering is made by the Federal National Mortgage Association through its Senior Vice President and Treasurer with the assistance of a nationwide Sailing Group of recognized dealers in securities.

Debentures will be available in Book-Entry form only. There will be no definitive securities offered.

Linda K. Knight
Senior Vice President and Treasurer
2800 Wisconsin Avenue, N.W., Washington, D.C. 20016

This announcement appears as a matter of record only. This announcement is neither an offer to sell nor a solicitation of an offer to buy any of the Debentures.

MIDLAND INTERNATIONAL CIRCUIT FUND
Société d'Investissement à Capital Variable

The Interim Dividend for the following classes of the Fund has been declared by the Directors and is detailed below:

CLASS	Dividend per share
UK Fixed Interest	£ 0.04
Multi-currency Bond	£ 0.03
UK Sterling Liquidity	£ 0.035
US Dollar Liquidity	US\$ 0.04

Registered Shareholders at the close business on 30 September 1993 will receive the above payments in £ or US\$ (as requested) on or after 15 November 1993.

DO YOU WANT TO KNOW A SECRET?

The L.O.S. Gann Seminar will show you how the markets REALLY work. The amazing trading techniques of the legendary W.O. Gann can increase your profits and contain your losses. How? That's the secret. Ring 061 474 0080 to book your FREE place.

FUTURELINK

The fastest, most reliable, cost effective real time FUTURES, FOREX and NEWS service available via FDI within London.

LONDON CALL HYETRON ON PARIS 01 40 41 93 43
071 972 9779

Daily Gold Fax - free sample

from Chart Analysis Ltd
7 Swinlow Street, London W1R 7JL, UK
commodity specialists for over 22 years
a FINEARTS member

Ask Anne Whitby
Tel: 071-734 7174
Fax: 071-439 2946

ECU Terminals PLC
20 Chesham Place
Belgrave
London SW1X 8HL
Tel: +44 205 0088
Fax: +44 205 0090
Member SFA

\$32 ROUND TRIP
EXECUTION ONLY INTRODUCTORY OFFER

Over 200 US Global Symbols comprising: Futures, Bonds, Commodities, Stocks & Options, Indices, VIX and News
Available from 9:30am to 5:00pm (including US and Asian markets)
European Exchange, Standard, LAN, Windows

WHY PAY MORE FOR LESS?

Call Graham Clark PC QUOTE London 071 628 3200

QUOTE PC QUOTE
64KB HYPERFEED

ARTIFICIAL INTELLIGENCE
IN
FUTURE TRADING
"INTELLIGENT TECHNICAL SYSTEMS"
LEADING CONSULTANTS

TEL 0747 464 335 FAX 0747 238344

URBAN DEVELOPMENT

The Financial Times plans to publish this Survey on
Tuesday November 23, 1993

It will be published from our print centres in Tokyo, New York, Frankfurt, Roubaix and London. It will be seen by Chief Executives and Government Officials in 160 countries world-wide.

It will also be of particular interest to the 139,000 Senior Businessmen in the UK who read the weekday FT.

For full editorial synopsis and details of available advertisement positions, please contact:

BRIAN HERON
Tel: 061 834 9361 Fax: 061 832 9248

FINANCIAL TIMES
Alexandra Buildings, Queen Street, Manchester M2 5LF.

FT SURVEYS

* Data Source - BANC British Business Survey 1992

COMPANY NEWS: UK

Profits of £4.7m after lower interest costs in first result since float

David Brown advances 22%

By Andrew Bolger

DAVID BROWN Group, the Yorkshire-based specialist engineering company, announced a 22 per cent rise in pre-tax profits in its first results since coming to the market in April.

Profits increased from £3.8m to £4.7m in the six months to July 30, although sales were flat at £37.7m, as were operating profits at £4.9m.

The increase in the pre-tax line was caused by a sharp reduction in interest payable to £277,000 (£1.05m) as the flotation proceeds transformed net debt of £7m into net cash of £10.1m at the half year.

David Brown said its results were much as foreshadowed in its listing particulars. An expected gap in orders for Challenger tank gearboxes reduced sales by the vehicle transmissions division.

This was offset by growth in the other divisions - pumps, which supplies the oil and gas market; special products, which makes custom-built gearboxes; and Radicon, which makes smaller gear units.

Mr Chris Cook, joint chief executive, said that transmission sales were 20 per cent down following the gap in orders between Challenger 1 and Challenger 2.

However, Vickers had recently won an order from Oman which meant David Brown would supply 23 new gearboxes.

Overall the group's order book stood at a record £58.5m. Mr Derek Kingsbury, chairman, said the group's longer-term prospects had been enhanced by a contract to supply Agco Corporation of the US with tractor axles, worth a minimum of \$50m (£33m) over three years.

The group will invest £7m in a new facility near Huddersfield and working capital for the Agco contract and deliveries to the US will start in January.

Radicon's sales grew by 13 per cent to £10.5m, reflecting the impact of new products and devaluation, rather than widespread recovery in the UK.

Sales of pumps grew by 16 per cent to £9.1m, but demand for higher-margin spares and services remained depressed, and operating profits were down by 12 per cent.

Sales of special products were up 5 per cent at £7.6m, reflecting weak demand from UK engineering contractors, although margins were improved by a fall in costs.

Mr Chris Brown, joint chief



Chris Brown (left) with Chris Cook: results met expectations

executive, said the group work force of 1,400 had fallen by about 70 during the half year, but was likely to increase as the Agco work picked up.

Pre-forma earnings per share amounted to 6.5p (5.1p) for the period. The maiden interim dividend is 2.1p.

Hong Kong sale helps Time Prods to £5.33m

By David Blackwell

THE DISPOSAL of its remaining property interests in Hong Kong for £1.48m helped Time Products, the watch and jewellery distribution group, lift pre-tax profits for the six months to July 31 by 52 per cent, from £3.5m to £5.33m.

Operating profits were ahead from £2.2m to £3.34m, including a £486,000 contribution from acquisitions. This mainly reflected the purchase in March for £11.8m of the business of Judith Leiber, an American designer of luxury handbags.

Mr Marcus Margulies, chairman, said that 80 per cent of profits came from the luxury end of the group's markets, with 20 per cent from volume markets. A couple of years ago the proportions would have been reversed.

While the group owns Sekonda, which accounts for about 12 per cent of UK watch sales, it also sells watches worth hundreds of thousands of pounds a piece. It holds agencies for exclusive brands such as Blancpain and Vacheron Constantin, and last April acquired for £2m the agency to distribute in North America watches by Audemars Piguet, the Swiss watchmaker that specialises in highly technical and luxurious pieces.

Mr Margulies' strategy is to concentrate on luxury brand names. The group has now opened a luxury watch shop at Judith Leiber's premises in New York.

"The concept of the company is changing dramatically," he said yesterday. "The US offers us a very exciting opportunity, and the start has been better than we would have hoped."

Group turnover rose from £26.2m to £29.9m. The latest figure included £4.63m from acquisitions and £197,000 from discontinued operations. Turnover last time included £5.95m from discontinued operations.

Mr Margulies said turnover in the luxury watch division was moving increasingly into the first half of the year, partly because of demand after the Basel Fair in April. The volume business showed some improvement, but trading conditions remained difficult.

Net interest receivable fell from £1.09m to £513,000, reflecting a reduction in net cash because of acquisitions and lower rates.

Earnings per share were 6.87p (4.57p), and the interim dividend is 3p (2.75p).

Parkdean Leisure will raise £7.6m via flotation

By Maggie Urry

PARKDEAN LEISURE, the holiday park operator, yesterday finalised its flotation, pricing its shares at 120p and arranging an institutional placing which will raise £7.63m net for the company. The price values the whole company at £12m.

Mr Graham Wilson, chief executive, said the flotation would leave the group virtually unencumbered at its financial year end in November. It would then be able to expand, partly through buying two or three new parks a year.

He said the average cost of a park was between £500,000 and £1m and Parkdean would also spend on new facilities such as indoor swimming pools. Gearing could rise to about 35 per cent by the end of the 1994 financial year.

Mr Wilson said the group might return to shareholders for more equity when the success of the acquisition programme had been demonstrated.

Past acquisitions had shown Parkdean could raise profits substantially through adding to facilities, improving marketing and applying economies of scale, he said.

The group, which currently owns seven parks, forecast operating profits for the year to end-November of not less than £1.4m, up from £1.3m in 1992.

On a pro-forma basis, as if the flotation proceeds had been available throughout the year, earnings per share would be 8.7p, giving a p/e of 13.5 at the placing price.

Parkdean said if it had been quoted for the whole year it would have paid a total dividend of 4.35p, covered twice by earnings. That gives a notional yield on the placing price of 4.53 per cent. It said it planned to pay a final dividend of 1.3p next April.

The company is issuing 6.85m new shares and some shareholders, including certain directors, are also selling a total of 645,833 shares. There

will be a total of 9.98m shares in issue after completion. After the issue, Mr Wilson, who led the management buy-out of the company in 1989, will hold 3.85 per cent of the equity, with directors and management holding a total of 8 per cent.

The venture capital groups which backed the MBO and put up further equity finance in 1991, are selling some shares but retaining stakes in the group. About 30 institutions agreed to buy shares in the placing.

Proceeds will be used to repay £2.33m of preference shares, which Mr Wilson said were costing the group 16 per cent gross in dividends, with the other £5.3m repaying debt.

At the end of 1992 the group had debt of £6m and finance leases and deferred consideration of £283,000.

The placing was arranged by Charterhouse Tilney. Dealings in the shares began on October 14.

Brent Walker sells stadium for £5m

By Michael Skapinker, Leisure Industries Correspondent

BRENT WALKER, the heavily indebted leisure and property group, yesterday sold the Hackney Wick Greyhound Stadium for £5m to a consortium led by Henderson Venture Managers.

Henderson has raised another £5m to invest in refurbishing the stadium, which will be run by a management team headed by Mr Robert Parker, a racing writer and trainer.

Mr Parker said he intends to turn the stadium, which is currently in a run-down condition, into the

most advanced in the UK. He plans to build a new stand and upgrade other facilities in a 40-week building programme. The track will remain open throughout.

Mr Parker said: "There is huge potential to develop the sport further."

The stadium will be owned by Fleetwood Racing, with Sir James Harvie-Watt as non-executive chairman.

Sir James is a former managing director of Wembley Stadium and was vice chairman of the Sports Council.

Senior debt for the project is being provided by Bank of Scotland. Samuel Montagu is providing mezzanine debt.

Kelt Energy stake for Kerry Packer

By Robert Corzine

KELT ENERGY, the oil exploration and production company, is raising \$5m through a share subscription and open offer under which Mr Kerry Packer's CP International Securities, could take a maximum 14.8 per cent stake in the company.

CPI, a subsidiary of the Australian entrepreneur's Consolidated Press International Holdings, is subscribing for up to 12.5m shares at 40p each.

The deal is part of CPI's expansion into the energy and petrochemical industries.

Ordinary and preference shareholders can subscribe on a 1-for-11.174 basis. Two companies held by Mr Hubert Perrodo, chairman of Kelt, will not take up their entitlements totalling 12.3 per cent of the enlarged capital, in favour of CPI.

Mr Perrodo's stake in Kelt, which was restructured two years ago when a group of banks took over some of its exploration and production assets in return for writing off its debt, will fall to a little more than 55 per cent.

Mr Jean-Michel Runacher, chief executive, said the subscription was the first step towards the further dilution of Mr Perrodo's stake. Additional steps to broaden the shareholder base can be expected.

Since its restructuring Kelt has specialised in taking over marginal assets from large oil companies and cutting costs in order to make them profitable.

Yesterday Mr Perrodo said the strategy had enabled Kelt to double its production over the past six months to 11,050 barrels of oil equivalent a day.

Paramount rises to £450,000

Another year of progress was recorded by Paramount, the USM-quoted pub operator, with pre-tax profits up 12 per cent from £405,000 to £450,000 in the 12 months to May 31.

With operating profits down from £1.58m to £1.42m, pre-tax results benefited from reduced interest of £1.15m (£1.28m) and increased associate's contribu-

tion of £180,000 (£73,000). Turnover was lower at £4.81m (£7.64m).

Paramount currently owns and manages 230 licensed premises within a 100 miles radius of Easington.

Earnings per share were unchanged at 0.56p basic and 0.43p fully diluted. The dividend is up from 0.1p to 0.15p.

Austin Reed in the black at £527,000

IMPROVED turnover and margins in its UK shops helped Austin Reed, the clothing manufacturer and retailer, achieve pre-tax profits of £527,000 for the 26 weeks ended August 14 1993, compared with losses of £340,000.

Turnover amounted to £29.3m against £28.4m. Directors stated that the manufacturing business "fared less well as recession abroad took hold, though it too experienced an improvement in UK sales".

Earnings per share were 1.1p (1p losses) while the interim dividend is lifted from an adjusted 1p to 2p.

Sale profit boosts Ex-Lands to £0.91m

Profit on the sale of a subsid-

lary enabled Ex-Lands to report increased pre-tax profits of £914,000 for the year to June 30, against £65,000.

Turnover was little changed at £1.27m (£1.25m) for operating losses of £1.3m (£1.22m). The sale profit came through at 1.2p (0.1p) and there is no dividend (2p).

Earnings per share were 1.07p (0.1p) and the company is returning to the dividend list with a proposed final of 0.25p.

REA shows advance of 83% to £354,000

REA Holdings, the plantation company, achieved an 83 per cent jump in pre-tax profits from £193,000 to £354,000 in the half year ended June 30.

Mr Richard Robinson, chairman, said the tentative recovery in the UK had had a favourable impact on the result.

Merchandising and storage made a confident start to the year, he said. Those divisions'

operating profits rose to £242,000 (£169,000) and £240,000 (£191,000) respectively.

Losses in agriculture deepened to £76,000 (£36,000). Group turnover improved from £39.9m to £40.9m. Earnings per share came through at 1.2p (0.1p) and there is no dividend (2p).

Eidos trims interim losses to £78,254

Eidos, the USM-quoted video editing systems company, cut pre-tax losses for the first six months of 1993 from £87,641 to £78,254. Turnover fell from £54,625 to £20,241.

The company last July signed an agreement with Enabling Technologies to market Escape, its video compression software, worldwide. It is focusing its development effort on Escape.

The board is proposing the issue of 115,000 new ordinary shares to Mr Charles Cornwall, a director, at 75p a share, to raise £86,250.

REPEAT INVITATION TO TENDER FOR THE HIGHEST BID for the Purchase of the Assets of "SPINNING & WEAVING MILLS DEM. LEVENTAKIS S.A." of Athens, Greece

"ETHNIKI KEPHALEOU S.A. Administration of Assets and Liabilities" of 1, Skouliou Street, Athens, Greece, in its capacity as Liquidator of "SPINNING & WEAVING MILLS DEM. LEVENTAKIS S.A.", a company having its registered office in Athens, Greece [the "Company"], which is presently under the status of special liquidation according to the provisions of article 40a of Law 1892/1990 [as supplemented by article 14 of Law 2000/1991],

announces a call for tenders

for the highest bid by submission of sealed binding offers for the purchase by public auction [the "Auction"] of the assets of the Company, as a single whole.

BRIEF INFORMATION:

The Company was established in 1951 and was incorporated as an S.A. in 1973. Its activity included manufacturing of yarns and fabrics (made of cotton and blends) cotton blankets and towels, dyeing and finishing of fabrics. In 1984, the company went bankrupt and following a bankruptcy settlement, it was re-instated in 1986 by the Athens First Instance Court's decision No. 15937/1986, and was since under liquidation. No personnel is currently employed. The Company's Assets include: (1) An Industrial Complex at the 12th km of the Athens-Lamia National Road (Metamorphosi-Atiki) consisting of Basement of a total area of 7,500m² and total volume of 33,750 m³, Ground Floor of a total area of 11,100 m² and total volume of 49,950 m³ and First Floor of a total area of 6,200 m² and total volume of 27,900 m³ approx., as well as an adjoining building of a total area of 500 m². Above buildings are built on land of an initially total area of 18,665 m² approx., which, minus the expropriated land, are presently 15,442 m² approx. Relative to the incorporation are included in the offering memorandum.

(2) Mechanical equipment consisting of Spinning and Weaving Units, Dyeing and Finishing Units. (3) Various other assets such as technical installations, office equipment, trade marks etc and (4) various other lots of land situated in Kipio area (Metamorphosi) of a total area of 17,500 m² approx.

OFFERING MEMORANDUM - FURTHER INFORMATION:

Interested parties may obtain an Offering Memorandum in respect of the Company and the assets thereof and any further information, upon execution of a confidentiality agreement.

TERMS AND CONDITIONS OF THE AUCTION

- The Auction shall take place in accordance with the provision of article 40a of Law 1892/1990, the terms and conditions set forth herein and the "Terms and Conditions of Sale" contained in the Offering Memorandum. Such provisions and other terms and conditions shall apply irrespective of whether they are mentioned herein or not. Submission of binding offers shall mean acceptance of such provisions and other terms and conditions. Submission of offers in favour of third parties shall be accepted under the condition that express mention is made in this respect upon the submission and that the offerer shall give a personal guarantee in favour of each third party.
- Bidding Offers:** For the participation in the Auction interested parties are hereby invited to submit binding offers, not later than the 2nd of November 1993, 11:00 hours, to the office of the Athens Notary Public Mr. Evangelos Drakopoulos, 19, Voukouristou Str. Athens Greece. Offers should expressly state the offered price and the detailed terms of payment (in cash or in instalments, mentioning the number of instalments, the dates thereof and the proposed annual interest rate). In the event of no determination of a) the way of payment, or b) whether the instalments bear interest and c) the interest rate, then it shall be deemed that a) the offered price is payable immediately in cash, b) the instalments shall bear no interest and c) the interest rate shall be the legal rate from time to time (presently 31% yearly). Binding offers submitted later than the prescribed time limit, as referred to hereinabove, shall neither be accepted nor considered. The offers shall be binding until the adjudication.
- Letters of Guarantee:** Binding offers must be accompanied by Letters of Guarantee, for an amount of drs. Two Hundred and Fifty Million (250,000,000), issued, in accordance with the draft form of Letter of Guarantee contained in the Offering Memorandum, by a bank legally operating in Greece, to be valid until the adjudication. Letters of Guarantee shall be returned after the adjudication. In the event of non-compliance with the provisions and other terms and conditions referred to in paragraph 1 hereof, the Letters of Guarantee shall be forfeited as a penalty.
- Submissions:** Binding offers together with the Letters of Guarantee shall be submitted in sealed envelopes. Submissions shall be made in person or through a duly authorised agent.
- Envelopes containing the binding offers shall be unsealed by the above mentioned Notary Public in his office, on the 2nd of November 1993, at 14:00 hours. Any party having duly submitted a binding offer shall be entitled to attend and sign the deed attesting the unsealing of the binding offers.**
- As highest bidder shall be considered the participant whose offer will be judged, by the 51% of the Company's creditors (the "Creditors"), in their absolute discretion, upon suggestion of the liquidator, to be in the best interests of all of the creditors of the Company. Mention is made that for the purposes of evaluating an offer proposed to be paid in instalments, the present value thereof shall be taken into account, which shall be calculated on the basis of a discount interest at an annual rate of 22% compounded yearly.
- The Liquidator shall give written notice to the highest bidder to appear on the date and place mentioned therein and execute the contract of sale in accordance with the terms contained in his binding offer and/or any other improved terms, which may be suggested by the Creditors and agreed upon. Adjudication shall be deemed to take effect upon execution of the contract of sale.
- All costs and expenses of any nature in respect of the participation and the purchase of the assets offered hereby for sale shall be exclusively borne by the participants and the purchaser respectively.
- The Liquidator and the Creditors shall have no liability nor obligation whatsoever towards the participants in relation to the evaluation of the offers or the appointment of the highest bidder or any decision to repeat or cancel the Auction or any decision whatsoever in connection with the proceedings and the making of the Auction. Neither the Liquidator nor the Notary Public shall have any liability for any legal or actual defects of the assets. Submission of binding offers shall not be deemed to constitute any right for the adjudication nor the participants shall acquire any right, power or claim from this invitation and/or their participation in the Auction against the Liquidator and/or the Creditors for any reason whatsoever.
- This invitation has been drafted in Greek and translated in English. In any event the Greek version shall prevail.

FOR OBTAINING THE OFFERING MEMORANDUM AND FOR ANY FURTHER INFORMATION PLEASE APPLY TO THE LIQUIDATOR'S ATTORNEY IN ATHENS: MR ANTHONY MARKEZINIS AT 25, AKADIMIAS STR. ATHENS 106 71, GREECE, TEL. +30-1-36 15 394, FAXI +30-1-36 25 750.

THERE'S A HANGING EVERY MONTH

Great Art demands the greatest space that's why on the first Saturday of each month the FT publishes a full colour Art section devoted to art and antiques. The weekend FT is read by an estimated 1 million people in 160 countries, reaching affluent international investors and collectors. Providing the Art world with exceptional and effective advertising opportunities. 37% of Saturday FT readers have bought paintings or antiques in the last two years (FT Reader Survey 1992)

For more information about advertising please contact: Genevieve Marengli (071) 873 3185 James Burton (071) 873 4677

THE FINANCIAL TIMES - PUTTING THE COLOUR BACK INTO ART

Prices for delivery by rail to the nearest station to the place of destination, subject to the terms and conditions of the contract of carriage, and to the applicable rates of the relevant railway company.			
Unit	Price	Price	Price
Weight	Volume	Weight	Volume
1000	10.00	1000	10.00
2000	19.00	2000	19.00
3000	28.00	3000	28.00
4000	37.00	4000	37.00
5000	46.00	5000	46.00
6000	55.00	6000	55.00
7000	64.00	7000	64.00
8000	73.00	8000	73.00
9000	82.00	9000	82.00
10000	91.00	10000	91.00
11000	100.00	11000	100.00
12000	109.00	12000	109.00
13000	118.00	13000	118.00
14000	127.00	14000	127.00
15000	136.00	15000	136.00
16000	145.00	16000	145.00
17000	154.00	17000	154.00
18000	163.00	18000	163.00
19000	172.00	19000	172.00
20000	181.00	20000	181.00
21000	190.00	21000	190.00
22000	199.00	22000	199.00
23000	208.00	23000	208.00
24000	217.00	24000	217.00
25000	226.00	25000	226.00
26000	235.00	26000	235.00
27000	244.00	27000	244.00
28000	253.00	28000	253.00
29000	262.00	29000	262.00
30000	271.00	30000	271.00

New Issue
Closing
October 1, 1993

All these notes having been sold, this advertisement appears as a matter of record only

SGZ-Bank

Südwestdeutsche Genossenschafts-Zentralbank AG
Frankfurt/Main - Karlsruhe

DM 150,000,000
6 1/4% Bonds with Interest Option of 1993/2003

Issue Price: 102%
Interest Rate: 6 1/4% p.a. payable annually in arrears on October 2. The first interest payment for the period from October 4, 1993, up to and including October 1, 1994, will be due on October 2, 1994.
Repayment: October 2, 2003, at par.
Interest Option: The holder of a Fixed Rate Bond is entitled to convert the Fixed Rate Bond into a Floating Rate Note on the interest payment dates falling on October 2, 1995 or 2001. The Floating Rate Note bears interest at the 6-Months-TIM-Libor less 0.06% p.a.
Listing: Düsseldorf and Frankfurt/Main

Trinkaus & Burkhardt
Kommunikationsbank AG Aktien

AEN AMRO Bank
(Deutschland) AG

Bank Brussel Lambert N.V.

Bayerische Vereinsbank
Aktienbesitzer

BHF-BANK
Aktienbesitzer

CSFB-Effektenbank
Aktienbesitzer

Deutsche Apotheker- und Ärztebank eG

DSL Bank
Deutsche Kreditbank
und Landesbank

Frankfurter Sparkasse

GZB-Bank
Genossenschaftliche Zentralbank AG
Stuttgart

Hamburgische Landesbank
- Girozentrale -

Landesbank Schleswig-Holstein
Girozentrale

Landeskreditbank
Baden-Württemberg

Landwirtschaftliche Rentenbank

Lehman Brothers Bankhaus
Aktienbesitzer

Raiffeisenbank
Kleinwalsertal AG

Stadtsparkasse Köln

WGB-Bank
Westdeutsche Genossenschafts-Zentralbank eG

Lack of exceptional cuts Grampian Hldgs

By Catherine Milton

INTERIM pre-tax profits at Grampian Holdings, the Glasgow-based mini-conglomerate, fell from £10.8m to £2.05m. The comparable figure was distorted by an exceptional gain of £8.34m, against a charge this time of £1.22m. The company is holding the interim dividend at 1.7p, out of earnings down at 2.14p (14.7p). The group, with interests in animal pharmaceuticals, transport, retailing and sports goods, reported operating profits of £5.18m (£5m) on turnover down at £60.2m (£66.7m) in the six months to July 2. The pre-tax figure was helped by lower interest charges of £1.89m (£2.56m) although net borrowings were static at £38m. "Trading in the third quarter has shown an improvement over the same period in 1992,"

said Mr Bill Hughes, chairman and chief executive, but "marketplace uncertainties" persisted.

Sales improved in all divisions but the company excluded from the group figures £8.18m of £8.7m (£8.3m) sales in its retail business, of which it now owns just 25 per cent following a merger with the privately-held Edinburgh Woolen Mills in March. Operating losses in retail fell to £475,000 (£1.2m) for the same reason.

Pharmaceutical sales rose to £24.8m (£22.5m) with overseas sales up 21 per cent but the larger UK volumes were up just 6.4 per cent. Operating profits were £3.23m (£3.06m).

Transport operating profits were £1.32m (£940,000) on turnover of £17.9m (£15.9m). Sporting goods fell into losses of £273,000 (profits £160,000) on turnover of £15.4m (£14.8m).

The exceptional charges related to profits on sales of subsidiaries less reorganisation costs.

COMMENT

Grampian, a hope-postponed stock for some while, has solved some of its problems. The pharmaceutical division has cut annual costs by more than £1m and has just obtained licences for two vaccines it has developed. The retail merger and sportswear licensing deals are good glosses on poor quality businesses, with royalties from the latter worth about £700,000 a year. Grampian can also enjoy something of a cyclical kick through its transport interests. Profits of about £3m this year before tax and exceptional would put the stock on a multiple of 17.3 but, assuming the solutions achieved pay off, this drops to a good-value 11.1 in 1995.

Forte aims for agreed settlement to Savoy imbroglio

By Michael Sigmund, Leisure Industries Correspondent

FORTE, the hotel and restaurants group, has decided it will try to avoid a hostile bid for Savoy Hotel when a five-year truce between the two companies ends in November next year.

Although Forte would still like to gain control of Savoy, it is believed to favour an agreed settlement. It is thought to fear that an announced bid would drive up the Savoy share price and make an acquisition more expensive.

Forte fought a bitter battle to take over its rival during the 1980s which gave it a majority of Savoy shares but a minority of voting shares.

The two groups reached a standstill agreement, under which Forte said it would give 12 months' notice if it wanted to increase its shareholding after November 1994.

This means that if Forte wants to gain control of Savoy as soon as the five-year period ends it will have to give notice next month.

This is now unlikely to happen. Instead, Forte is expected to try to persuade Savoy that a merger of the two companies' luxury hotels is preferable to a reopening of hostilities.

Mr Forte has said he would like to create a new luxury hotel group over which Forte would have majority control.

The group would encompass the Savoy establishments, which include the Savoy, the Connaught and Claridge's. Forte would place its Exclusive Portfolio of hotels in the group.

These include the Grosvenor House and Hyde Park Hotels in London, the Westbury and Plaza Athénée in New York, the Ritz in Madrid and the George V in Paris.

Pre-tax outcome hit by increased spending on player transfers

Manchester United up to £8.2m

By Peter Pearce

IN THE year in which it finally fulfilled 26 years of fans' expectations by becoming League champions, Manchester United lifted profits before transfer fees from £7.68m to £8.19m.

At the pre-tax level for the 12 months to July 31, profits declined to £4.2m (£5.06m), adversely affected by net expenditure on the transfer of players which rose from £2.63m to £3.89m - with money spent on players totalling £6.02m. This included the purchase of Roy Keane for £3.75m, and Eric Cantona and Dion Dublin for £1m apiece.

The shares closed down 15p at £42p. The aggregate value of the first team squad, as reported by Touche Ross, was £30m (£24m).

Interest receivable declined to £796,000 (£1.42m) as cash and gilt-edged stock fell to £7.76m (£14.8m) after capital investment of £12m, with the rebuilding of the Stretford End at the Old Trafford ground coming in under budget at £10.3m. Cash generated was £4.1m.

The operating surplus of



Martin Edwards, chief executive: £30m value on first team squad

£7.39m (£6.57m) was achieved on turnover up at £25.2m (£20.1m). This grew in spite of a 4 per cent reduction in gate receipts to £10.7m (£11.1m) mainly due to the rebuilding.

Turnover from television rose to £3.85m (£1.84m), thanks, the company said, to improved arrangements under the senior league and winning the championship. Sponsorship, advertising, first-time royalties from Umbro and increased sales of

replica kits contributed more at £3.62m (£2.76m), and in spite of the reduced capacity, conference and catering activities turnover rose to £1.81m (£1.7m).

The strongest growth in turnover came from the merchandising division where there was a 93 per cent rise to £5.33m (£2.71m). A joint venture retail store has recently been opened in Belfast and Mr Robin Launders, group finance director, said the launch of a credit card was likely soon and that there would be an announcement about financial services offers on Friday.

Below the line, £1m was appropriated from the transfer fee reserve - "essentially a dividend protection reserve", according to Mr Launders - to give earnings per share after appropriation of 32.5p (£26.5p), or 24.3p (£29.7p) before.

The final dividend is lifted to 13.5p (12p) for a total of 19.5p (18p).

The fortunes of the club will be significantly boosted should it defeat Galatasaray of Turkey in the European Champions Cup and progress to the lucrative mini-league stage.

CentreGold valued at £50m

By Paul Taylor

CENTREGOLD, a leading UK-based publisher and distributor of video game and computer entertainment software, will be valued at about £50m when it comes to market through a placing and intermediaries offer later this month.

The Birmingham-based group, which was founded 10 years ago by Mr Geoff Brown, a former teacher, issued its pathfinder prospectus yesterday and also revealed sharply higher profits fuelled by booming sales of home entertainment software for Sega and Nintendo video games machines and personal computers.

Pre-tax profits increased by 90 per cent to £2.72m (£1.7m) in the year to July 31 on turnover

ahead 23 per cent to £68m (£55.1m).

Precise details of the issue, which is being brought to market by Smith New Court, have yet to be fixed but it will be priced on October 19. The issue is expected to raise about £20m, including £10m for the company itself, and is likely to be priced at up to 125p a share.

Three quarters of the shares will be placed firm with the balance subject to clawback under the intermediaries offer. That offer will close on October 22 and dealings are expected to begin on October 28.

Following the flotation the existing management, including Mr Brown who is CentreGold's chief executive, will retain just under 50 per cent of the enlarged share capital. Mr Brown is expected to emerge

with a 35 per cent stake valued at about £17.5m.

The £10m in proceeds from the new shares will mainly be used to provide additional working capital to support ongoing development.

In particular, Mr Brown said, it would enable the group to take advantage of its new distribution arrangements with Sega, a new publishing relationship with Nintendo and the continued expansion of its US operations.

The market for home entertainment hardware and software has grown rapidly in recent years.

The UK market, dominated by Sega and Nintendo, was worth approximately £900m last year, against £190m in 1992.

CentreGold operates through two main subsidiaries - CentreSoft, which distributes computer and video game entertainment software to 1,500 retailers in the UK, including the Boots and John Menzies chains, and US Gold, which publishes PC software and video games for Sega and now Nintendo games machines on both sides of the Atlantic.

Brasway's £0.8m expansion

Brasway has purchased Vanox, which blends and distributes industrial and automotive lubricants and trades as British Benzol Lubricants, for a maximum £770,000 in cash.

In the 1992 year, Vanox, based in Barnsley, incurred a deficit of £85,000 before tax, group charges and exceptional items, on turnover of £4.7m.

DALLAH REAL ESTATE HOLDING CO

HAS ACQUIRED

DIRECTORIES HOUSE
Wellington Street, Slough

Financial and Real Estate Advisors:
AL BARAKA INVESTMENT COMPANY LIMITED
LONDON

GET YOUR FT BY HAND DELIVERY.

If you work in the business centres of Baar, Basel, Berne, Biel, Fribourg and the coastal towns and villages of Lac Lemman from Geneva to Villeneuve, Lausanne, Lugano, Luzern, Neuchatel and the towns and villages around Zurichsee, St Gallen, Zug, Zurich or Winterthur, we'll deliver your daily copy of the FT in your office at no extra cost.

Call Peter Lancaster for details on Geneva (022) 7311604.



New Issues Closing October 6, 1993

All three series having been sold, this advertisement appears as a matter of record only.

Frankfurter Hypothekbank
Aktiengesellschaft

DM 100,000,000
Floating Rate Öffentliche Pfandbriefe of 1993/2003, Series 634

Issue Price: 100%

Interest Rate: 7 1/4% p.a. payable in arrears on October 6, 1994, thereafter 17 1/4% p.a. less two times Six-Months-DM-Libor, payable semi-annually in arrears on April 6 and October 6 of each year. The debenture shall not exceed 17 1/4% p.a.

Repayment: October 6, 2003, at par

Börsennotierung: Düsseldorf and Frankfurt/Main

Trinkaus & Barkhardt
Kommunikationsgesellschaft mbH & Co. KG

Bank Brüssel Lambert N.V.

Bayerische Vereinsbank
Aktiengesellschaft

Frankfurter Sparkasse

Lehman Brothers Bankhaus
Aktiengesellschaft

Bayerische Hypothek- und Wechsel-Bank
Aktiengesellschaft

Deutsche Apotheker- und Ärztebank eG

GZB-Bank
Genossenschaftliche Zentralbank AG
Stuttgart

Samuel Montagu & Co.
Limited

Raiffeisenbank Kleinwalsertal AG

SGZ-Bank

Stadtsparkasse Köln

DSL Bank
Deutsche Beteiligungs- und Landesbank

Landeskreditbank
Baden-Württemberg

STAY ONE STEP AHEAD FROM SYDNEY TO SEOUL.

You'll find the Financial Times on many leading airlines and at hotels and kiosks in business centres all around the world. So wherever your business takes you, our news and views can still be part of your business day.

Any problems call the FT Copleyline on 49 69 15685150.

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

EASTEAM N.V.

YOUR PARTNER FOR NEW-EUROPE AND C.I.S

SERVICES: Trade finance, representation, J.V.'s agencies
privatisation support and investments

EASTEAM N.V. POLAND
TEL: +48 (22) 431266
FAX: +48 (22) 470335

EASTEAM N.V. BELGIUM H.O.
TEL: +32 (2) 6273920
FAX: +32 (10) 456093

Commercial Property

appears every Friday in the
Financial TimesFor full details
please call/Wai-Fung Cheung in
London on 071 873 3574 or
JoAnn Gredell in New York on
212 752 4500

TAKASHIMAYA COMPANY LIMITED
YEN 10,000,000,000
Floating Rate Notes
Due 1998

In accordance with the conditions of the notes, notice is hereby given that for the first interest period from 30th September 1993 to 7th January 1994 (99 days) the notes will carry an interest rate of 3.88438% p.a. Relevant interest payments will be as follows:

Notes of Yen 10,000,000
Yen 79,320 per coupon (No. 1)
THE SANWA BANK LIMITED
Agent Bank

FINANCIAL TIMES THURSDAY OCTOBER 7 1993

INVESTMENT TRUSTS - Cont**INVESTMENT TRUSTS - Cont**

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

Notes	Price	1993	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	995	994	993	992	991	990	989	988	987	986	985	984	983	982	981	980	979	978	977	976	975	974	973	972	971	970	969	968	967	966	965	964	963	962	961	960	959	958	957	956	955	954	953	952	951	950	949	948	947	946	945	944	943	942	941	940	939	938	937	936	935	934	933	932	931	930	929	928	927	926	925	924	923	922	921	920	919	918	917	916	915	914	913	912	911	910	909	908	907	906	905	904	903	902	901	900	899	898	897	896	895	894	893	892	891	890	889	888	887	886	885	884	883	882	881	880	879	878	877	876	875	874	873	872	871	870	869	868	867	866	865	864	863	862	861	860	859	858	857	856	855	854	853	852	851	850	849	848	847	846	845	844	843	842	841	840	839	838	837	836	835	834	833	832	831	830	829	828	827	826	825	824	823	822	821	820	819	818	817	816	815	814	813	812	811	810	809	808	807	806	805	804	803	802	801	800	799	798	797	796	795	794	793	792	791	790	789	788	787	786	785	784	783	782	781	780	779	778	777	776	775	774	773	772	771	770	769	768	767	766	765	764	763	762	761	760	759	758	757	756	755	754	753	752	751	750	749	748	747	746	745	744	743	742	741	740	739	738	737	736	735	734	733	732	731	730	729	728	727	726	725	724	723	722	721	720	719	718	717	716	715	714	713	712	711	710	709	708	707	706	705	704	703	702	701	700	699	698	697	696	695	694	693	692	691	690	689	688	687	686	685	684	683	682	681	680	679	678	677	676	675	674	673	672	671	670	669	668	667	666	665	664	663	662	661	660	659	658	657	656	655	654	653	652	651	650	649	648	647	646	645	644	643	642	641	640	639	638	637	636	635	634	633	632	631	630	629	628	627	626	625	624	623	622	621	620	619	618	617	616	615	614	613	612	611	610	609	608	607	606	605	604	603	602	601	600	599	598	597	596	595	594	59
-------	-------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	----

Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

INSURANCES

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (71) 873 4378 for more details.

Old Price	New Price	+ or -	Yield	Old Price	New Price	+ or -	Yield	Price	Price	Yield
			Green							

Pacific Growth Food

MANAGED FUNDS NOTED

Prima are in prime unless otherwise indicated and funds designated S built on assets listed in U.S. MARKET. Totals S refer to the buying interest. The following are the funds listed in the table. The table lists the funds' assets and the total assets. The table lists the funds' assets and the total assets. The table lists the funds' assets and the total assets.

MONEY MARKET FUNDS

FINANCIAL FUTURES AND OPTIONS

[illegible]

JAPANESE YEN (¥/¥100)				
¥12.5m 6 per ¥100				
	Latest	High	Low	Prior
Dec	0.9467	0.9461	0.9450	0.9450
Mar	0.9480	0.9483	0.9479	0.9479

	Lowest	High	Low	Pr
DEUTSCHE MARK (DM)				
DM125,000 \$ per DM				

Dec	0.0098	0.8114	0.0080	0.81
Mar	0.0050	0.8095	0.0050	0.80
Jun	-	-	-	0.60

THREE-MONTH EURO-DOLLAR (BANK)
\$1m points of 100%

	Latest	High	Low	Pr
Dec	98.54	98.54	98.53	98.
Mar	98.51	98.52	98.50	98.
Jun	98.31	98.30	98.30	98.
Sep	98.08	98.08	98.08	98.
Dec	98.71	95.71	95.70	95.
Mar	95.83	95.83	95.82	95.
Jun	95.43	95.43	95.42	95.

Sep	95.26	95.26	95.26	95.
STANDARD & POORS 500 INDEX				
\$900 times Index				
	Latest	High	Low	Pr
Dec	481.90	482.80	481.40	481.
Mar	483.25	483.26	482.80	482.

Jan	-	:	-	463.
Sep	-	:	-	484.

Puts				
Mar	Oct	Nov	Dec	Mar
6.33	0.12	0.95	1.84	3.73
5.01	0.51	1.77	2.78	4.88
3.82	1.60	2.89	4.05	6.25
3.01	3.44	4.65	5.66	7.76

2.31	5.73	6.59	7.51	8.47
1.72	8.12	3.72	0.50	11.34
1.25	10.60	11.05	11.70	13.34
587,327	(All currencies)			
908	(All currencies)			

FD (MATIF) FUTURES				
	High	Low	↑ Yield ↑	Open
14	124.28	124.08	.	215.8
16	128.40	128.18	.	18.5
18	127.74	127.74	.	1.0
Present	235,403			

93	93.56	93.48	.	110.5
91	94.29	94.19	.	80.0
93	94.78	94.68	.	42.5
91	95.06	94.97	.	27.3
93	95.157			

0	2185.0	2174.0	.	40,3
0	2201.0	2191.0	.	8
5	2222.0	2201.0	.	28,13
0	.	.	.	4,2

110.50	116.16	120.00
12.068		

March	November	Putts December	March
.	.	0.06	
5.21	0.04	0.14	0.0
.	0.10	0.30	
.	0.36	0.65	0.2
.	-	1.21	0.4

51,808	7,81187	159,877	45,17
at 473,545			
the previous day.			

	%		%
Mar Bank	6	NatWestminster	6
State	6	NyCredit Mortgage Bk.	6.5
Ind	7	FDIC	6

Chen Bank ... 7	enrich creditors ... 6
ing & Co ... 6	* Roudsurg Bank Ltd ... 6
... 6	* (in administration)
... 6	Royal Bank of Scotland ... 6
... 6	Smith & Wilman Secs. & ... 6
ING Zurich ... 6	Standard Chartered ... 6
... 6	TSB ... 6
... 6	United Bank of Kuwait ... 6
... 6	United Trust Bank Plc ... 6
... 6	Western Trust ... 6
Shanghai ... 6	Whiteway Ltd/Ltd ... 6
Bank ... 6	Wimbledon & St West ... 6
... 6	West ... 6

1911 & Sons 6
 Ltd 6
 1911 & Sons 6
 Ltd 6
 1911 & Sons 6
 Ltd 6
 1911 & Sons 6
 Ltd 6

gh of
's market.

Who's row's?

For more details and a list of participating brokers, please write to Gabriëlle Swinder at the OMLX exchange, 107 Cannon Street, London EC4N 5AD, or call 071-783 0678.

After all, there's no time like
the present.

I have just been named a Fellow of the Institute of Directors

MLX

THE LONDON
Securities & Derivatives

EXCHANGE

[illegible]

10-10 100,000 +	4.50	3.275	4.581
HECA \$10,000 +			
Health Svcg SOC Asset Reserve			
Checkbook			0.422
Trinity Bond, Health FD1 2792			
Notes for personal customers			

Century Hurdle Bank plc	071-638 0070	Julian Hodge Bank Ltd	0222 2
City Road, London EC1Y 3AY.		16 Windsor Place Canolf CFT 38X	
Current Account - for professional activities		8 1/2% Fixed Rate Dep Acc:	7.00 5.25 -
0.000 - £40,999	5.50 4.125	Extra High Interest Deposit Account	
5,000 or more	5.75 4.3125	£50,000 +	8.75 5.00 6.92
			8.00 6.00

00-0300.99	2.00	1.50	2.02	NID
00-04.999.99	4.50	3.36	4.59	MIN
		3.58	4.00	MIN

Power, Cards CP1 4/93	1222	22962							
Power Account 228,000- -	4.00		4.07	Dr	218,000-229,999	4.80	3.23	4.37	
Power Account 225,000- -	8.00		5.11	Nth	228,000-242,999	4.80	3.60	4.88	
					223,000-249,999	5.30	3.98	8.41	
					250,000-	5.00	4.35	5.93	
Power Select									
Plan 120, Westwood Bk Pl. Coventry	0600	400100							
					Portman Bldg Soc Prestige Cheque Account				

Demanded A/c	4.875	3.959	4.085	1 yr	Client Accounts	4.50	3.38	4.80
					TESSA Fixed 1 year	4.01	4.50	5.00
					TESSA Variable	3.37		6.50

Jedreman Bank plc
 Andrew Square, Edinburgh E4 2PP 031 556 8235
 A. 1.3 4.125 1 Yearly

Tyndall Bank plc
 29-33 Princess Victoria St, Bristol 0272 741

120 Chesham, London E20 6DS 071-282 68

Special Acc. _____	4.80	3.10	4.06
120,000 and above _____	4.75	3.10	4.32

Western Trust High Interest Cheque Acc.
The Money Centre, Princes St. 1.15E 0752 222

000-1-49,999	4.00	3.00	4.04	6-999	once a year, "Compounded Annual Rate", for Gr: Frequ
000-09,999	3.00	2.25	3.02	6-600	at which interest is credited to the account.

MEMBER SPA Call now for further information Fax: 071-329 3918

TRADERS
FOR AN EFFICIENT
& COMPETITIVE SERVICE

38 DOVER STREET, LONDON W1X 3EB
TEL: 071 629 1133 FAX: 071 495 0022


**TAX-FREE* SPECULATION
IN FUTURES**

DREXIA FAX \$ £ Dm ¥

Call Jane Farquharson for a sample issue (once only)
Tel: London 71 - 439 4961 (071 in UK) or Fax: 71 - 439 4926

TREND
ALLIANCE LIMITED

0962 879764
Flennes House, 32 Southgate Street, Winchester,
Hants SO23 9EH Fax 0423 774067


CANADA

[illegible]

Date	Change my Address/Capital/Given Name Surname/Van Account	Expiry Date	Signature _____ <i>No order accepted without a signature.</i>	Date _____ FI
<input type="checkbox"/> bill me	<input type="checkbox"/>	<input type="checkbox"/>		

* Currency rates are only valid for the country in which they are quoted! Subscription Prices are correct at time of going to press. ** 3 month subscription only. Prices are exclusive of VAT in all EC countries except Germany and France. Offer valid until 30th November 1993.

To subscribe in the FI in North America contact New York Tel 750-5100, Fax 302-9219, Far East contact Tokyo Tel 3256-7111, Fax 3256-1712.



FAR MORE THAN FINANCE.

[illegible]

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

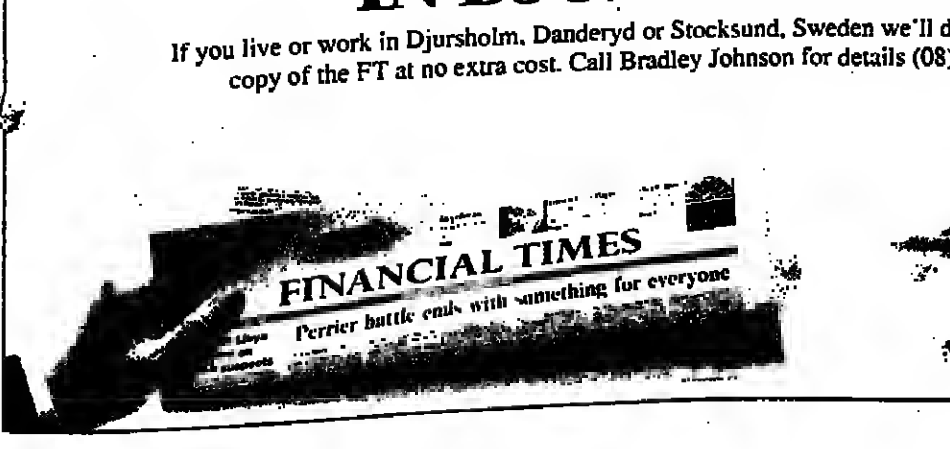
[illegible]

Continued from previous page											
Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock		
IBM	125.00	+0.25	Microsoft	34.00	+0.10	Apple	45.00	+0.15	Oracle	28.00	+0.05
Intel	35.00	+0.10	Compaq	25.00	+0.05	HP	22.00	+0.05	Novell	18.00	+0.05
Motorola	28.00	+0.05	Texas Instruments	15.00	+0.05	Advanced Micro Devices	12.00	+0.05	Lucent Technologies	10.00	+0.05
AT&T	10.00	+0.05	WorldCom	8.00	+0.05	Sprint	7.00	+0.05	Verizon	6.00	+0.05
Time Warner	5.00	+0.05	Warner Bros.	4.00	+0.05	Paramount	3.00	+0.05	Universal	2.00	+0.05
Disney	1.00	+0.05	Walt Disney	0.50	+0.05	News Corp.	0.25	+0.05	Time Warner	0.10	+0.05
Amgen	0.50	+0.05	Genentech	0.25	+0.05	Novartis	0.10	+0.05	Roche	0.05	+0.05
Novartis	0.05	+0.05	Roche	0.02	+0.05	Novartis	0.01	+0.05	Roche	0.00	+0.05
Novartis	0.00	+0.05	Roche	0.00	+0.05	Novartis	0.00	+0.05	Roche	0.00	+0.05

AMEX COMPOSITE PRICES											
4 pm close October 6											
Stock	PV	Size	Low	High	Close	Stock	PV	Size	Low	High	Close
Alcoa	49	100	119	121	120	Alcoa	49	100	119	121	120
Alcoa	49	100	119	121	120	Alcoa	49	100	119	121	120
Alcoa	49	100	119	121	120	Alcoa	49	100	119	121	120
Alcoa	49	100	119	121	120	Alcoa	49	100	119	121	120
Alcoa	49	100	119	121	120	Alcoa	49	100	119	121	120
Alcoa	49	100	119	121	120	Alcoa	49	100	119	121	120
Alcoa	49	100	119	121	120	Alcoa	49	100	119	121	120
Alcoa	49	100	119	121	120	Alcoa	49	100	119	121	120
Alcoa	49	100	119	121	120	Alcoa	49	100	119	121	120
Alcoa	49	100	119	121	120	Alcoa	49	100	119	121	120
Alcoa	49	100	119	121	120	Alcoa	49	100	119	121	120
Alcoa	49	100	119	121	120	Alcoa	49	100	119	121	120
Alcoa	49	100	119	121	120	Alcoa	49	100	119	121	120
Alcoa	49	100	119	121	120	Alcoa	49	100	119	121	120
Alcoa	49	100	119	121	120	Alcoa	49	100	119	121	120
Alcoa	49	100	119	121	120	Alcoa	49	100	119	121	120
Alcoa	49	100	119	121	120	Alcoa	49	100	119	121	120
Alcoa	49	100	119	121	120	Alcoa	49	100	119	121	120
Alcoa	49	100	119	121	120	Alcoa	49	100	119	121	120
Alcoa	49	100	119	121	120	Alcoa	49	100	119	121	120
Alcoa	49	100	119	121	120	Alcoa	49	100	119	121	120
Alcoa	49	100	119	121	120	Alcoa	49	100	119	121	120
Alcoa	49	100	119	121	120	Alcoa	49	100	119	121	120
Alcoa	49	100	119	121	120	Alcoa	49	100	119	121	120
Alcoa	49	100	119	121	120	Alcoa	49	100	119	121	120
Alcoa	49	100	119	121	120	Alcoa	49	100	119	121	120
Alcoa	49	100	119	121	120	Alcoa	49	100	119	121	120
Alcoa	49	100	119	121	120	Alcoa	49	100	119	121	120
Alcoa	49	100	119	121	120	Alcoa	49	100	119	121	120
Alcoa	49	100	119	121	120	Alcoa	49	100	119	121	120
Alcoa	49	100	119	121	120	Alcoa	49	100	119	121	120
Alcoa	49	100	119	121	120	Alcoa	49	100	119	121	120
Alcoa	49	100	119	121	120	Alcoa	49	100	119	121	120
Alcoa	49	100	119	121	120	Alcoa	49	100	119	121	120
Alcoa	49	100	119	121	120	Alcoa	49	100	119	121	120
Alcoa	49	100	119	121	120	Alcoa	49	100	119	121	120
Alcoa	49	100	119	121	120	Alcoa	49	100	119	121	120
Alcoa	49	100	119	121	120	Alcoa	49	100	119	121	120
Alcoa	49	100	119	121	120	Alcoa	49	100	119	121	120
Alcoa	49	100	119	121	120	Alcoa	49	100	119	121	120
Alcoa	49	100	119	121	120	Alcoa	49	100	119	121	120
Alcoa	49	100	119	121	120	Alcoa	49	100	119	121	120
Alcoa	49	100	119	121	120	Alcoa	49	100	119	121	120
Alcoa	49	100	119	121	120	Alcoa	49	100	119	121	120
Alcoa	49	100	119	121	120	Alcoa	49	100	119	121	120
Alcoa	49	100	119	121	120	Alcoa	49	100	119	121	120
Alcoa	49	100	119	121	120	Alcoa	49	100	119	121	120
Alcoa	49	100	119	121	120	Alcoa	49	100	119	121	120
Alcoa	49	100	119	121	120	Alcoa	49	100	119	121	120
Alcoa	49	100	119	121	120	Alcoa	49	100	119	121	120
Alcoa	49	100	119	121	120	Alcoa	49	100	119	121	120
Alcoa	49	100	119	121	120	Alcoa	49	100	119	121	120
Alcoa	49	100	119	121	120	Alcoa	49	100	119	121	120
Alcoa	49	100	119	121	120	Alcoa	49	100	119	121	120
Alcoa	49	100	119	121	120	Alcoa	49	100	119	121	120
Alcoa	49	100	119	121	120	Alcoa	49	100	119	121	120
Alcoa	49	100	119	121	120	Alcoa	49	100	119	121	120
Alcoa	49	100	119	121	120	Alcoa	49	100	119	121	120
Alcoa	49	100	119	121	120	Alcoa	49	100	119	121	120
Alcoa	49	100	119	121	120	Alcoa	49	100	119	121	120
Alcoa	49	100	119	121	120	Alcoa	49	100	119	121	120
Alcoa	49	100	119	121	120	Alcoa	49	100	119	121	120
Alcoa	49	100	119	121	120	Alcoa	49	100	119	121	120
Alcoa	49	100	119	121	120	Alcoa	49	100	119	121	120
Alcoa	49	100	119	121	120	Alcoa	49	100	119	121	120
Alcoa	49	100	119	121	120	Alcoa	49	100	119	121	120
Alcoa	49	100	119	121	120	Alcoa	49	100	119	121	120
Alcoa	49	100	119	121	120	Alcoa	49	100	119	121	120
Alcoa	49	100	119	121	120	Alcoa	49	100	119	121	120
Alcoa	49	100	119	121	120	Alcoa	49	100	119	121	120
Alcoa	49	100	119	121	120	Alcoa	49	100	119	121	120
Alcoa	49	100	119	121	120	Alcoa	49	100	119	121	120
Alcoa	49	100	119	121	120	Alcoa	49	100	119	121	120
Alcoa	49	100	119	121	120	Alcoa	49	100	119	121	120
Alcoa	49	100	119	121	120	Alcoa	49	100	119	121	120
Alcoa	49	100	119	121	120	Alcoa	49	100	119	121	120
Alcoa	49	100	119	121	120	Alcoa	49	100	119	121	120
Alcoa	49	100	119	121	120	Alcoa	49	100	119	121	120
Alcoa	49	100	119	121	120	Alcoa	49	100	119	121	120
Alcoa											

GET YOUR FT BY HAND DELIVERY IN DJURSHOLM.

If you live or work in Djursholm, Danderyd or Stocksund, Sweden we'll deliver your daily copy of the FT at no extra cost. Call Bradley Johnson for details (08) 791 2345.



Perrier bottle ends with something for everyone

NASDAQ NATIONAL MARKET

Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock		
IBM	125.00	+0.25	Microsoft	34.00	+0.10	Apple	45.00	+0.15	Oracle	28.00	+0.05
Intel	35.00	+0.10	Compaq	25.00	+0.05	HP	22.00	+0.05	Novell	18.00	+0.05
Motorola	28.00	+0.05	Texas Instruments	15.00	+0.05	Advanced Micro Devices	12.00	+0.05	Lucent Technologies	10.00	+0.05
AT&T	10.00	+0.05	WorldCom	8.00	+0.05	Sprint	7.00	+0.05	Verizon	6.00	+0.05
Time Warner	5.00	+0.05	Warner Bros.	4.00	+0.05	Paramount	3.00	+0.05	Universal	2.00	+0.05
Disney	1.00	+0.05	Walt Disney	0.50	+0.05	News Corp.	0.25	+0.05	Time Warner	0.10	+0.05
Amgen	0.50	+0.05	Genentech	0.25	+0.05	Novartis	0.10	+0.05	Roche	0.05	+0.05
Novartis	0.05	+0.05	Roche	0.02	+0.05	Novartis	0.01	+0.05	Roche	0.00	+0.05
Novartis	0.00	+0.05	Roche	0.00	+0.05	Novartis	0.00	+0.05	Roche	0.00	+0.05

AMERICA

Dow recovers 3,600 level in early trading

Wall Street

AFTER a hesitant start, program buying and strong financial stocks helped US share prices post solid gains across the board in early trading, writes Patrick Harverson in New York.

At 1 pm, the Dow Jones Industrial Average was up 18.44 at 3,606.70, the first time it has been above 3,600 in more than two weeks.

The more broadly based Standard & Poor's 500 was 0.82 higher at 462.02, while the Amex composite was up 1.50 at 463.18, and the Nasdaq composite 4.61 higher at 766.88, a new record.

Trading volume on the NYSE was 156m shares by 1 pm, and rises outnumbered declines by 1,042 to 764.

Prices opened only slightly firmer, as traders and investors waited for a lead from the bond market. Although bond prices rose marginally in early trading, they failed to provide much impetus to equity prices. Participants in both markets seemed reluctant to trade actively ahead of tomorrow's important September employment report.

Additionally, equity investors remained nervous about the approaching third quarter reporting season. Some are worried that the moderate rate of economic growth recorded over the summer will have hindered corporate profitability, and that third quarter earnings will come in below expectations.

Stocks, however, picked up ground later in the morning session, aided by sporadic computerised buy programs and firmer financial stocks. Among the latter, banks were universally higher in the wake of an announcement from Chemical Bank that it would report record net income for the third quarter.

Chemical rose 5% to \$45, Citicorp added 5% to \$39, Chase

Manhattan put on 8% at \$37, NationsBank firmed 4% to \$33.34 and BankAmerica rose 8% to \$44.

Semiconductor stocks, hit hard on Tuesday by poor earnings from Advanced Micro Devices, rebounded. Texas Instruments rose 1% to \$71, Motorola put on 1% at \$100, and Intel, traded on the Nasdaq market, firmed 1% to \$71.

Advanced Micro itself, however, remained under heavy selling pressure, falling another 3% to \$21 in volume of 3m shares.

Goodyear Tire & Rubber rose 1% to \$46 in volume of more than 1/2m shares after the company said that it expects to report third quarter net income of between \$130m and \$135m, up from \$91m a year ago.

Nike fell 1% to \$45 on the news that Michael Jordan, the basketball star and the most famous promoter of Nike goods, is to retire from the game at the premature age of 30.

Canada

TORONTO maintained a firmer tone at noon, with prices supported by the improvement in precious metals and with earlier fears of a Liberal win in the October 25 elections largely discounted. The TSX-300 index was 28.44 higher at 4,042.55 by midday in volume of 28.2m shares.

Gold stocks led the advances with Pegasus trading C\$1 higher to C\$26, Golden Star Resources C\$3 ahead at C\$13, and Placer Dome up C\$4 at C\$27.

SOUTH AFRICA

EQUITIES showed renewed enthusiasm helped by foreign buying and a rise in the price of platinum. The gold index added 45 or 3 per cent to 1,528, while industrials were also 45 higher at 4,463 and the overall index up 41 at 3,755.

EUROPE

Rising bond prices cited as DAX tests 2,000

ACCORDING to the Eurotrack 100, bourses saw their best share prices at the beginning of the day, writes Our Markets Staff.

FRANKFURT's DAX index tested the 2,000 mark, peaking at 1,997.71 before ending at a new all-time closing high of 1,987.05, up 14.32.

Turnover eased from DM10.8m to DM10.6m. Brokers thought that a break above 2,000 was only a matter of time, and that this indicated DAX rose to 1,994.81 in the afternoon. The talk yesterday was all of the relationship between equities and rising bond prices.

Corporate earnings prospects were a less attractive proposition. According to Mr Horst-Kasper Greven at Merck-Finck in Düsseldorf, the DAX is on prospective earnings of DM75 to DM90 a share for 1993, so it would need eps growth of a quarter to a third in 1994 to put it on a prospective p/e of 30; even that would be at the high end of European valuations.

Big winners on the day included one leader of the recent rally in Allianz, the insurer, up DM32 at DM2,740

on a 1993 progress report. Investors saw their best share prices at the beginning of the day, writes Our Markets Staff.

ZURICH marched to a second consecutive record close, supported by hopes for lower interest rates and a firm bond market. The SMI index added 13.5 to 2,534.8.

Insurers were led higher by Zurich Insurance, SF16 ahead at SF1,291. Kleinwort Benson, which rates it as a buy, said that in spite of one of the worst underwriting years on record, Zurich's core Swiss insurance market continued to provide a profitable, stable platform for earnings growth.

Beiersdorf in SMH, the watchmaker, added SF747 or 5.0 per cent to SF991 in active trade as the company sought to clarify earlier comments on the profits outlook. SMH had fallen by 11.5 per cent over the previous three sessions.

PARIS drifted throughout the session and the CAC-40 index closed 5.69 ahead at

FT-SE Actuaries Share Indices

		THE EUROPEAN SERIES									
		Open	11.30	12.00	13.00	14.00	15.00	16.00	Close		
FT-SE Eurotrack 100	100	1284.44	1323.73	1322.73	1321.71	1321.80	1321.38	1322.16	1321.84		
FT-SE Eurotrack 200	200	1402.91	1462.74	1400.63	1386.89	1389.74	1386.39	1400.77	1403.30		
		Oct 5		Oct 4		Oct 1		Sep 30		Sep 29	
FT-SE Eurotrack 100	100	1313.51	1299.14	1293.99	1293.02	1293.02	1293.02	1293.02	1293.02	1293.02	1293.02
FT-SE Eurotrack 200	200	1391.47	1377.73	1368.18	1362.51	1362.51	1362.51	1362.51	1362.51	1362.51	1362.51

Base value 1000 (20/1/1988) High/Low: 100 - 1294.02; 200 - 1404.42 Low/Low: 100 - 1293.02; 200 - 1362.51

2,164.46, after a day's high of 2,179 and a low of 2,156.

Paribas Capital Markets, in its latest focus on French equities, remained positive on the medium term outlook, forecasting that the CAC-40 index could reach the 2,350 level by the year end, helped by falling interest rates.

On a sector-by-sector analysis Paribas recommended a long-term switch into consumer stocks, noting that food retailing, particularly hypermarkets, can be expected to perform well, given an expected improvement in consumer spending. The brokers commented that food retailers could see earnings growth of between 15 and 20 per cent in

1993, and that Carrefour and Promodes had the potential to achieve high growth. Shares in Carrefour closed yesterday up FF787 at FF73,588.

SocGen advanced FF77 to FF762 ahead of reporting a 9 per cent rise in first half profit after the close.

MILAN saw late profit-taking pull prices back from their best levels with the fortunes of Fiat group companies again the day's main theme. The Comit index rose 3.94 to 600.41.

Fiat gave up an early advance to finish L11 easier at L6,172 although LIL, the Agnelli holding company, was L113 ahead at L6,045.

MADRID's climbers included Argentaria, up Pta100 at

Pta5,770, Tabacalera, Pta90m better at Pta3,780, and Telefonica, up Pta40 at Pta1,635 as the general index closed 2.47 higher at 291.51.

Mr Stephen Hughes at Kleinwort Benson said that Argentina (up Pta350 this week) was higher at 575.55.

COPENHAGEN closed 1.1 per cent higher with the KFX index up 1.09 at 98.88.

Investor interest in Superfos, the agricultural chemical, grain and road-building group, was stimulated by continuing rumours that the company could be the subject of a hostile takeover. The shares rose DKr17 to DKr384.

ISTANBUL retreated by 1 per cent as a consolidation phase, which began on Monday, was seen continuing. The composite index lost 163.9 to 15,698.9 in turnover of TL1,200bn. However, most market commentators believe that equities remain positive and forecast further gains in the short-term.

Written and edited by William Cochrane, John Pitt and Michael Morgan.

A fall in Ericsson B shares, down SKr7 to SKr387, from Tuesday's all-time high weighed on the market, as did

ASIA PACIFIC

Australia driven to six-year high by offshore-buying

Tokyo

BARGAIN hunting by overseas investors supported share prices, and the Nikkei average was led higher by a rise in large-capital stocks, writes Emma Terazono in Tokyo.

The Nikkei rose 129.32 to 20,500.25. Arbitrageurs bought shares as futures firmed and margin traders, who sold stock in April, bought back stocks to clear their positions.

The index saw a low of 20,312.93 in early trading, but gained ground as foreign buying came in, and rose to an afternoon high of 20,529.55. Volume totalled 332m shares against 229m, helped by rumours of good economic figures coming next week.

Advances led declines by 700 to 330 with 167 unchanged. The Topix index of all first section

stocks advanced 18.85, or 1.2 per cent to 1,653.78. In London, the ISE/Nikkei 50 index rose 4.34 to 1,284.99.

Traders said that investors switched from small capital, high growth stocks to large capital issues on the main market. "The pessimism has been overcome. Not a lot of people want to sell these levels," said Mr Alan Livesey, a strategist at Kleinwort Benson.

Large-capital issues such as steel and shipbuilders gained ground. Nippon Steel, the most active issue of the day, rose Y19 to Y339, Kawasaki Steel advanced Y17 to Y339 and Mitsubishi Heavy Industries gained Y23 to Y668. Investors were also encouraged by reports of liquefied natural gas tanker orders from Qatar.

Arbitrage buying linked to the Topix index supported financials. Industrial Bank of

Japan rose Y20 to Y3,240 and Sumitomo Bank by Y30 to Y2,260.

Nippon Telegraph and Telephone firmed Y21,000 to Y899,000.

Utilities issues were higher on the higher yen, lower fuel costs and hopes of higher profits. Tokyo Electric Power rose Y150 to Y3,520 and Tokyo Gas Y20 to Y535. The latter expects its pre-tax profit for the first six months to September to have tripled.

Video game makers and amusement equipment makers continued to decline following Nintendo's downward earnings revision earlier in the week. Sega Enterprises fell Y200 to Y10,500 and Namco lost Y40 to Y3,380.

In Osaka, the OSE average gained 181.18 to 22,455.81 in volume of 16.2m shares. Nintendo fell Y190 to Y8,530.

Roundup

SEVERAL Pacific Rim markets continued on their winning ways. Karachi is closed until Sunday as general and provincial elections take place.

AUSTRALIA broke through chart resistance to close at a second consecutive six-year high. The All Ordinaries index rose 20.3 or 1.0 per cent to 2,018.8 driven by offshore investors, especially from Asia.

The index is now less than 300 points below its all-time high of 2,306.2, set on September 21, 1987.

HONG KONG continued its run, a further influx of foreign investment taking the Hang Seng index up 172.09 or 2.19 per cent to 8,041.47, its fourth consecutive peak.

A round of profit-taking pared half of a 130-point early

gain by late morning but renewed buying emerged after Mr Chris Patten, the governor, began his annual policy speech during the afternoon.

Heavy demand from US and European funds gave the index its late surge, carrying it above the 3,000 level. A number of strategists have increased their weightings for the Hong Kong market in recent days.

BANGKOK surged 3.8 per cent to a three year high on continued strong demand from foreign and local institutions which has seen the market climb 9.6 per cent in the last five trading days. The SET index added 38.79 to 1,058.24 on the back of Tuesday's 2 per cent gain, in high volume of Bt8.35bn.

NEW ZEALAND was encouraged by sharply lower government deficit predictions announced late on Tuesday,

and a broadly based wave of buying took the NZSE-40 capital index 26.92 higher to 1,582.33.

TAIWAN saw late selling in some speculative shares cut earlier gains which were sparked by hopes of a further credit easing in reaction to September's low inflation rate.

The weighted index closed 1.36 ahead at 3,814.62, off an intra-day high of 3,832. Turnover remained thin at T\$10.9bn against Tuesday's T\$10bn.

SINGAPORE closed higher in record volume of 661.95m shares, underpinned by continuing buoyant interest in Malaysian speculative shares. The Straits Times Industrial index rose 5.61 to 2,039.12.

KUALA LUMPUR saw heavy profit-taking drag share prices down from their day's highs, and the composite index closed 7.79 higher at 895.77.

Peru and Sri Lanka join the IFC stable

By John Pitt

Peru and Sri Lanka take their places in the IFC's emerging markets investable indices for the first time this week, raising the number of markets covered to 20. The IFC also announced that it intends to issue data on Zimbabwe and China in the new year.

Peru's equity market has been one of Latin America's strongest performers this year, although some profit-taking in September pulled prices lower. However, the local IBVL index reacted impressively at the start of this week, reaching an historic record high, on improved political prospects.

Baring Securities notes that news that the guerrilla group, Shining Path, was willing to negotiate a peace accord with the government of President Alberto Fujimori has lifted sentiment this week.

Baring's Latin American research team also report that September inflation data, revealing the lowest monthly rate in 17 years, suggests that

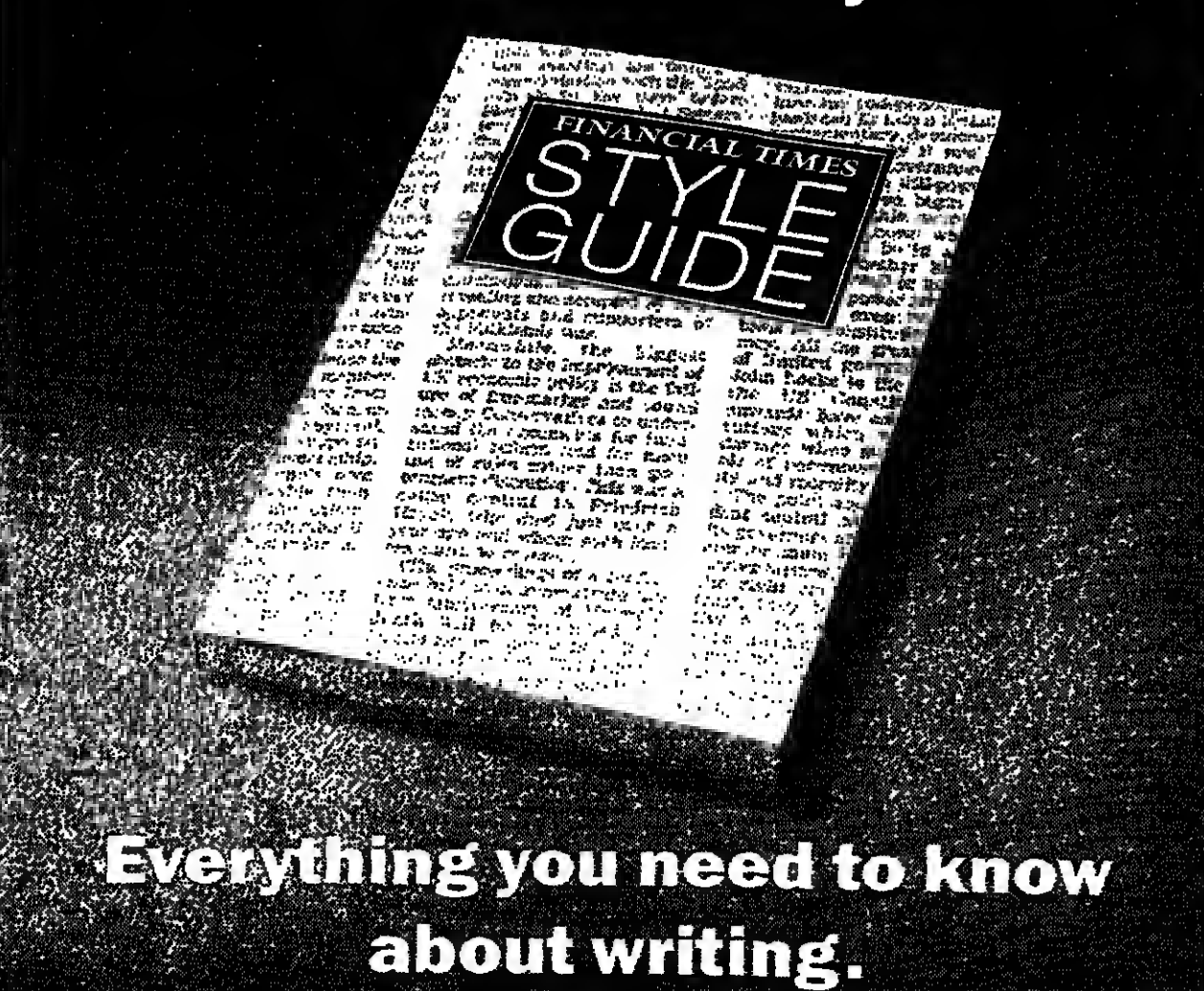
EMERGING MARKETS: IFC WEEKLY INVESTABLE PRICE INDICES							
Market	No. of stocks	Dollar terms		Local currency terms		% Change over week	% Change on Dec '92
		Sep 17 1993	% Change over week	Sep 17 1993	% Change over week		
Latin America							
Argentina	(11)	750.10	+5.3	+29.3	480,278.95	+5.3	+29.8
Brazil	(44)	221.52	-3.8	+77.2	39,250,884.12	+3.7	+1,782.1
Chile	(20)	447.26	+1.3	+6.3	736.48	+1.9	+14.6
Colombia ^a	(6)	447.73	+1.3	+1.4	886.06	+1.4	+12.2
Mexico	(58)	700.24	-0.9	+3.8	940.98	-0.6	+3.6
Peru	(7)	109.81	+5.8	+8.8	142.93	+6.6	+42.9
Venezuela ^a	(8)	505.68	-5.8	-2.7	1,120.99	-4.9	+20.1
East Asia							
South Korea ^a	(130)	98.20	+2.3	+0.0	104.39	+2.3	+2.6
Philippines	(11)	191.18	-0.6	+3.2	260.89	+0.7	+61.4
Taiwan, China ^a	(76)	78.60	-2.0	+8.5	78.41	-2.3	+12.4
South Asia							
India ^a	(61)	90.68	-1.7	-3.2	100.28	-1.7	+5.0
Indonesia ^a	(31)	93.69	-0.3	+5.6	107.03	-0.3	+62.7
Malaysia	(61)	248.09	+3.7	+50.5	231.32	+3.8	+48.6
Pakistan ^a	(8)	225.70	+2.5	+14.7	310.65	+2.5	+34.0
Sri Lanka	(5)	151.53	-0.3	+1.5	140.85	-0.3	+20.7
Thailand	(62)	227.15	+1.9	+20.3	277.75	+2.2	+19.1
Euro/Mid East							
Greece	(17)	228.21	+3.3	+15.6	359.71	+3.3	+25.3
Jordan	(5)	165.58	+0.4	+41.7	236.40	+0.6	+42.6
Portugal	(16)	104.22	-1.8	+35.1	120.37	-1.4	+54.4
Turkey ^a	(31)	192.22	+8.3	+187.5	1,083.57	+9.1	+307.8

Indices are calculated at end-week, and weekly changes are percentage movement from the previous Friday. Base data Dec 1989-1990 except those noted which are 1990-1991. 1991-1992 data is 1991-1992. 1992-1993 data is 1992-1993. 1993-1994 data is 1993-1994.

the government's target of a ceiling of 40 per cent for the year now seems feasible. Trading in Peru is expected to remain choppy ahead of the referendum on a new constitution later this month.

Sri Lanka has shown a healthy 30 per cent gain in dollar terms since the start of

The Financial Times Style Guide.



The Financial Times Style Guide has been created to offer advice on all aspects of good writing practice. It outlines basic rules, highlights common errors and includes current forms of spelling.

Set out alphabetically, it is simple, informative and easy to use. It has also been designed to be entertaining.

A reference section includes glossaries of

commodities, computing, financial, shipping and scientific terms, lists of commonly used abbreviations, weights and measures and world currencies. The book also contains a guide to stock market indices and an explanation of the libel laws.

The Financial Times Style Guide is only available by post. If you would like a copy, please fill in the voucher below.

To: John White, Financial Times Ltd., Number One Southwark Bridge, London SE1 9HL. Fax (071) 873 3072.

I would like ☐ copies of the FT Style Guide, price £9 (+ post and packaging £2).

Please charge my: American Express ☐ Mastercard ☐ Access ☐ Visa ☐ Only UK cheques accepted: ☐

Card expiry date _____ Card number _____

Name _____ Title _____

Company _____ Tel _____

Address _____

Postcode _____

Signature _____ Date _____

(No order accepted without a signature) (Offer valid until 31st December 1993)

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co. and NatWest Securities Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS										
TUESDAY OCTOBER 5 1993										
Figures in parentheses show number of lines of stock										
US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index
Australia (69)	148.22	+1.4	142.90	97.55	123.42	150.15	+1.2	3.44	144.26	141.18
Austria (17)	173.65	+1.8	188.71	116.86	148.57	146.72	+1.9	1.07	170.96	141.64
Belgium (49)	149.62	+1.5	146.29	99.89	128.34	128.38	+1.2	4.45	147.45	134.31
Canada (107)	122.23	+0.3	118.46	81.55	103.18	118.60	+0.4	2.85	121.87	118.94
Denmark (23)	230.96	+0.5	225.73	154.10	184.95	207.01	+0.7	1.10	225.79	158.69
Finland (23)	115.42	+3.5	112.80	77.01	97.42	139.43	+0.7	0.74	111.52	108.11
France (97)	171.40	+1.1	167.51	114.35	144.56	152.58	+1.2	3.02	169.59	142.38
Germany (60)	131.45	+2.3	128.47	67.71	110.65	110.95	+2.2	1.90	128.52	107.77
Hong Kong (65)	312.08	+4.1	304.88	207.20	263.1	310.86	+1.4	3.29	307.54	135.26
Indonesia (14)	172.69	+0.9	176.89	115.13	145.76	168.82	+1.1	3.32	171.57	149.39
Italy (70)	153.83	+0.3	172.35	49.32	102.49	87.62	+0.4	1.85	127.32	71.07
Japan (93)	173.63	+0.3	160.34	102.63	129.62	106.86	+0.0	0.81	153.40	150.12
Malaysia (19)	1627.32	+0.3	191.31	292.92	356.46	415.12	+1.2	1.17	418.20	409.25
Mexico (98)	48.63	+0.9	164.03	111.98	141.58	371.74	+0.8	0.96	169.05	117.28
Netherlands (24)	186.49	+0.8	184.59	145.85	167.85	182.40	+0.8	1.68	184.66	145.85
New Zealand (13)	56.11	+0.5	58.74	40.11	50.74	58.18	+0.8	3.84	57.99	58.51
Norway (23)	176.48	+1.1	171.48	117.07	144.10	169.27	+1.1	3.51	173.89	118.11
Philippines (80)	204.05	+0.8	201.58	134.97	161.47	191.87	+0.7	3.54	201.87	134.97
South Africa (80)	204.05	-0.1	199.42	136.14	172.22	185.06	+1.1	2.85	204.18	136.14
Spain (42)	137.53	+0.3	134.41	91.76	110.08	137.06	+1.0	4.18	137.07	134.51
Sweden (36)	183.81	+1.8	182.68	129.31	183.59	231.89	+1.8	1.46	180.34	184.27
Switzerland (21)	142.86	+0.9	142.86	95.19	120.45	142.86	+1.7	1.43	142.86	94.55
Taiwan (90)	190.22	-0.7	185.90	126.90	190.54	185.90	+0.6	3.83	189.93	126.90
Thailand (21)	186.44	+0.0	184.17	125.73	135.08	186.44	+0.1	2.72	186.50	184.47
USA (618)	180.04	+1.1	158.41	106.78	135.08	149.38	+1.1	3.02	158.36	154.67
UK (14)	180.04	+1.7	172.18	122.26	148.65	189.66	+1.8	1.29	180.25	170.57
Nordic (114)	183.28	+1.1	175.49	105.96	148.65	189.66	+1.8	1.29	180.25	170.57
Europe-Pacific (713)	159.40	+0.7	155.79	106.35	134.54	128.26	+0.8	1.88	158.32	154.94
North America (625)	164.69	+0.0	160.18	123.00	158.92	181.70	+0.3	2.73	164.37	148.42
USA (625)	164.69	+1.3	160.18	123.00	158.92	181.70	+0.3	2.73	164.37	148.42
World Ex. US (1947)	211.39	+0.3	206.50	140.99	178.38	187.16	+1.0	2.92	206.45	203.95
World Ex. US (1947)	158.35	+0.5	155.83	106.46	134.67	126.12	+0.5	1.81	156.48	155.10
World Ex. US (1947)	168.04	+0.4	162.28	110.79	140.16	142.86	+0.3	2.04	164.37	161.10
World Ex. US (1947)	168.04	+0.4	162.28	110.79	140.16	142.86	+0.3	2.04	164.37	161.10
World Ex. US (1947)	168.04	+0.4	162.28	110.79	140.16	142.86	+0.3	2.04	164.37	161.10
World Ex. US (1947)	168.04	+0.4	162.28	110.79	140.16	142.86	+0.3	2.04	164.37	161.10
World Ex. US (1947)	168.04	+0.4	162.28	110.79	140.16	142.86	+0.3	2.04	164.37	161.10
World Ex. US (1947)	168.04	+0.4	162.28	110.79	140.16	142.86	+0.3	2.04	164.37	161.10
World Ex. US (1947)	168.04	+0.4	162.28	110.79	140.16	142.86	+0.3	2.04	164.37	161.10
World Ex. US (1947)	168.04	+0.4	162.28	110.79	140.16	142.86	+0.3	2.04	164.37	161.10
World Ex. US (1947)	168.04	+0.4	162.28	110.79	140.16	142.86	+0.3	2.04	164.37	161.10
World Ex. US (1947)	168.04	+0.4	162.28	110.79	140.16	142.86	+0.3	2.04	164.37	161.10
World Ex. US (1947)	168.04	+0.4	162.28	110.79	140.16	142.86	+0.3	2.04	164.37	161.10
World Ex. US (1947)	168.04	+0.4	162.28	110.79	140.16	142.86	+0.3	2.04	164.37	161.10
World Ex. US (1947)	168.04	+0.4	162.28	110.79	140.16	142.86	+0.3	2.04	164.37	161.10
World Ex. US (1947)	168.04	+0.4	162.28	110.79	140.16	142.86	+0.3	2.04	164.37	161.10
World Ex. US (1947)	168.04	+0.4	162.28	110.79	140.16	142.86	+0.3	2.04	164.37	161.10
World Ex. US (1947)	168.04	+0.4	162.28	110.79	140.16	142.86	+0.3	2.04	164.37	161.10
World Ex. US (1947)	168.04	+0.4	162.28	110.79	140.16	142.86	+0.3	2.04	164.37	161.10
World Ex. US (1947)	168.04	+0.4	162.28	110.79	140.16	142.86	+0.3	2.04	164.37	161.10
World Ex. US (1947)	168.04	+0.4	162.28	110.79	140.16	142.86	+0.3	2.04	164.37	161.10
World Ex. US (1947)	168.04	+0.4	162.28	110.79	140.16	142.86	+0.3	2.04	164.37	161.10
World Ex. US (1947)	168.04	+0.4	162.28	110.79	140.16	142.86	+0.3	2.04	164.37	161.10
World Ex. US (1947)	168.04	+0.4	162.28	110.79	140.16	142.86	+0.3	2.04	164.37	161.10
World Ex. US (1947)	168.04	+0.4	162.28	110.79	140.16	142.86	+0.3	2.04	164.37	161.10
World Ex. US (1947)	168.04	+0.4	162.28	110.79	140.16	142.86	+0.3	2.04	164.37	161.10
World Ex. US (1947)	168.04	+0.4	162.28	110.79	140.16	142.86	+0.3	2.04	164.37	161.10
World Ex. US (1947)	168.04	+0.4	162.28	110.79	140.16	142.86	+0.3	2.04	164.37	161.10
World Ex. US (1947)	168.04	+0.4	162.28	110.79	140.16	142.86	+0.3	2.04	164.37	161.10
World Ex. US (1947)	168.04	+0.4	162.28	110.79	140.16	142.86	+0.3	2.04	164.37	161.10
World Ex. US (1947)	168.04	+0.4	162.28	110.79	140.16	142.86	+0.3	2.04	164.37	161.10
World Ex. US (1947)	168.04	+0.4	162.28	110.79	140.16	142.86	+0.3	2.04	164.37	161.10
World Ex. US (1947)	168.04	+0.4	162.28	110.79	140.16	142.86	+0.3	2.04	164.37	161.10
World Ex. US (1947)	168.04	+0.4	162.28	110.79	140.16	142.86	+0.3	2.04	164.37	161.10
World Ex. US (1947)	168.04	+0.4	162.28	110.79	140.16	142.86	+0.3	2.04	164.37	161.10
World Ex. US (1947)	168.04	+0.4	162.28	110.79	140.16	142.86	+0.3	2.04	164.37	161.10
World Ex. US (1947)	168.04	+0.4	162.28	110.79	140.16	142.86	+0.3	2.04	164.37	161.10
World Ex. US (1947)	168.04	+0.4								